1955 *Exhibit 147—Filed 12/15/47*

Copy

CAPITAL TRANSIT COMPANY
Thirty-Sixth and M Streets
Washington 7, D. C.

March 18, 1947

Interstate Commerce Commission
Washington 25, D. C.

Attention: Commissioner Rogers
Re: Service to The Pentagon

Gentlemen:

At the suggestion of Commissioner Rogers at a conference on March 17, 1947, we are submitting the position of Capital Transit Company with respect to some of the assertions contained in a Petition to the Commission filed by the Secretary of War on March 14, 1947, requesting the continuance of the Company's service to the Pentagon, and discussed at such conference.

The Company now operates its Q2 and R2 bus lines between points in downtown Washington and the Pentagon Building in Virginia via Highway Bridge and Memorial Bridge, respectively. These lines are operated under temporary authority from the Commission in Docket Nos. MC 35289 (Sub 7 TA) and MC 35289 (Sub 8 TA) which expires on March 31, 1947. We have already notified the Commission that we do not propose to make application for extension of such authority.

We do not propose to make application for an extension of authority because the Company is not able properly to continue to perform such service without impairing its physical and financial ability to render adequate service to persons depending upon it for local transportation service within the District of Columbia and nearby Maryland. The rush hour service the Company provides to and from the Pentagon has long been at the expense of good service to other essential departments of the Government.

Approximately 7400 passengers are presently carried by the Q" and R" lines each way each day, of which approximately 7000 originate or have destinations at the Pentagon. It is essentially a one way rush hour service carrying passengers from the District in the morning and to the District in the evening with the loads in the reverse directions practically non-existent. Approximately 31 buses,

having an average rush hour capacity of 61 passengers, are required for this service, with an added cost of operation of about $256,024 per year for which no additional revenue is received. This financial burden on the other operations of the Company must be considered with the fact that the Company is now before the Public Utilities Commission of the District of Columbia asking for increased fares within the District. This is urgently necessary because the Company is actually not earning its interest charges at this time. The District Commis-
1956 sion is also conducting an investigation in connection with the restoration of pre-war service in the District which, if required, will further absorb our inadequate manpower.

In conferences with the two Virginia companies now also serving the Pentagon we have satisfied ourselves that those companies can assume the Pentagon load on April 1, 1947. We have agreed to give the Arnold lines (Washington, Virginia and Maryland Coach Company, Inc.) assistance in making available a sufficient number of buses until that company can obtain its own equipment, and we are assisting it in obtaining the necessary manpower. The Alexandria, Barcroft and Washington Transit Company has no apparent need for our assistance in this connection.

The rush hour loads on the Virginia bus lines are the reverse of the loads on the Q2 and R2 lines. In the morning the Virginia lines bring heavy loads into the District from Virginia and return virtually empty. In the evening the Virginia companies come into the District only partly loaded or empty in order to carry the heavy outbound loads from the District. We believe that this situation results in an unnecessary waste of bus capacity between the District and the Pentagon which could be utilized to better advantage by allowing the Virginia companies to assume the Pentagon loads and the Capital Transit Company to utilize such capacity in the District and adjacent Maryland where it is needed.

Yours very truly,

/s/ E. D. Merrill
E. D. Merrill
President

EDM/AEU
Copies to Brig. Gen. C. B. Ferenbaugh, USA
Public Utilities Commission
A. B. & W. Transit Co.
W. Va. & Md. Coach Company

Exhibit 147

1957 40 Investment Building
Telephone National 6359

COPY

S. HARRISON KAHN
Attorney At Law
Washington, D. C.

March 19, 1947

Interstate Commerce Commission
Bureau of Motor Carriers
Washington 25, D. C.

Attention: The Honorable Commissioner John L. Rogers

Dear Commissioner Rogers:

In accordance with the conference held in your offices at the Interstate Commerce Commission on March 17, 1947 in connection with a petition to the Commission by the United States War Department regarding passenger carrier facilities to and from the Pentagon Building, Arlington County, Virginia, the following information is respectfully submitted in behalf of the A. B. & W. Transit Company, Alexandria, Virginia.

The A. B. & W. Transit Company in conjunction with the Washington, Virginia & Maryland Coach Company, as well as the Arlington & Fairfax Motor Transportation Company, which is now merged with the Washington, Virginia & Maryland Coach Company, have been in conference with representatives of the War Department for several months regarding service to and from the Pentagon Building on and after April 1, 1947. In fact, the A. B. & W. Transit Company, since the Pentagon Building has been occupied by the War Department, has maintained close liaison with representatives of that Department in order to insure adequate and sufficient service.

When it was apparent that the Capital Transit Company would discontinue its temporary rush hours services to the Pentagon Building, The A. B. & W. Transit Company and the Washington, Virginia & Maryland Coach Company submitted to the War Department a consolidated memorandum of their proposed services and facilities. These memoranda have now been consolidated in a statement dated March 18, 1947, which statement is attached hereto and made a part of this letter.

The attached consolidated statement reflects the proposed joint service for the Pentagon Building, effective

April 1, 1947 by the A. B. & W. Transit Company and the Washington, Virginia & Maryland Coach Co. The consolidated statement, it is believed, is self explanatory, except the following pertinent information is respectfully directed for your attention. For each 15-minute period during service to the Pentagon Building in the morning rush period, and from the Pentagon Building during the afternoon rush period, the joint facilities of the two Virginia companies substantially exceed the presently available service to and from the Pentagon Building now provided by the Virginia companies and the Capital Transit Company.

The last column on the consolidated statement headed "extra available capacity" as of 4-1-47, is translated in additional capacity over the present demands for service. Due allowance has been made for through passengers not destined for the Pentagon Building.

1938 The column titled "minimum capacity rush value" is computed as seating capacity of the vehicles plus 50% of their capacity for standees. This value has been consistently accepted by the War Department.

In the establishment of additional service to the Pentagon Building, the A. B. & W. Transit Company will not impair or diminish its services and facilities to the Washington National Airport and the Army Installations located there; the Navy Annex nor the so-called Yards and Docks Navy Building located adjacent to the Pentagon Building in Virginia.

The War Department in its petition has alleged that the Virginia companies have provided an inadequate service. It is respectfully submitted that the difference between the fare structure of the Capital Transit Company and the Virginia companies has diverted much of the traffic from the Virginia companies which have had additional capacity on their present schedules.

The A. B. & W. Transit Company has recently received a large number of new vehicles which are now in service. Additional vehicles are on order and delivery is expected during the month of April, 1947. Moreover, eight additional vehicles can be secured for delivery in September, 1947 in the event traffic demands such additional equipment.

From its many years of service to the public located in Virginia and the District of Columbia, the A. B. & W. Transit Company respectfully contends that it is fit, will-

ing and able to meet its share of the traffic requirements at the Pentagon Building, and this statement has been made by the A. B. & W. Transit Company to representatives of the War Department. Moreover, the A. B. & W. Transit Company is prepared to meet such additional demands by the War Department upon sufficient advance notice by that Governmental Agency.

The Transportation problems of the Washington Area are not new to the A. B. & W. Transit Company. It has been operating in the Washington Area for many years, and has grown with the activities of the Federal Government in and around the District of Columbia. It has striven to convey to the War Department its ability and willingness to meet the transportation problems at the Pentagon Building and believes that an examination of the attached statement will convince the Commission that it is fit, willing and able to provide reasonable, adequate service to the War Department.

The A. B. & W. Transit Company stands ready at all times to confer with representatives of the Interstate Commerce Commission, the War Department, or other Federal Agencies to discuss the transportation requirements of the public served by its facilities.

Respectfully submitted,

/s/ S. HARRISON KAHN

S. Harrison Kahn, *Attorney for*
A. B. & W. Transit Company

SHK: dl

CC: Director W. Y. Blanning
Bureau of Motor Carriers
CC: U. S. War Department
CC: Virginia State Corporation Commission
CC: Capital Transit Company
CC: Washington, Virginia & Maryland Coach Co.

1959

Exhibit 147

CONSOLIDATED STATEMENT

Revised as of 3-18-47

A. B. & W. TRANSIT AND W. V. & M. COACH CO.

Showing Joint Service for Pentagon, Effective April 1, 1947

Leave Washington

15 Minute Period Beginning	*Total Trips Capital Transit (1-6-47)*	*No. Trips A. B. & W. as of (4-1-47)*	*No. Trips W. V. & M. as of 4-1-47*	*Total Trips A. B. & W. & W. V. & M. as of 4-1-47*	*Capital Transit Total Pass (1-6-47)*	*A. B. & W. & W. V. & M. Total Pass. (12-18-46)*	*Total Pass. A. B. & W. W. V. & M. Capital Transit*	*Minimum Capacity Rush-Value A. B. & W. & W. V. & M.*	*Extra Available Capacity*
A. M.									
6:30	1	6	3	9	39	178	217	498	281
6:45	3	11	4	15	121	296	417	845	428
7:00	5	15	5	20	331	347	678	1044	366
7:15	13	12	13	25	728	336	1064	1341	277
7:30	17	20	16	36	1182	688	1870	1921	51
7:45	18	22	19	41	1261	460	1721	2150	429
8:00	26	24	18	42	1661	271	1932	2352	420
8:15	21	24	16	40	1048	199	1247	2241	994
8:30	15	22	10	32	725	252	977	1718	741
8:45	6	18	4	22	298	222	520	1205	685
9:00	3	6	2	8	109	126	235	491	256
9:15	1	7	3	10	13	128	141	447	306
Totals	129	187	113	300	7516	3503	11,019	16,253	5234

1149

Leave Pentagon

P. M.									
3:30	1	9	3	12	43	225	268	677	409
3:45	1	12	3	15	41	192	233	846	613
4:00	2	12	9	21	95	304	399	1153	754
4:15	3	15	8	23	70	356	426	1265	839
4:30	13	15	11	26	650	405	1055	1379	324
4:45	21	18	14	32	1261	414	1675	1750	75
5:00	23	19	19	38	1466	456	1922	2071	149
5:15	25	20	15	35	1362	349	1711	1836	125
5:30	21	18	14	32	1253	454	1707	1804	97
5:45	8	14	7	21	391	261	652	1180	528
6:00	4	9	3	12	142	100	242	643	401
6:15	1	8	3	11	14	197	211	655	444
6:30	1	8	2	10	9	220	229	488	259
Totals	124	177	111	288	6797	3933	10,730	15,747	5017

1147

1960 *Exhibit 147*

1107 North Randolph Street
Arlington, Virginia

March 19, 1947

Interstate Commerce Commission
Washington 25, D. C.

Attention: Commissioner John L. Rogers

Re: Petition of Secretary of War—
Pentagon Building Service

Gentlemen:

Pursuant to conference arrangements, the Washington, Virginia & Maryland Coach Company submits information bearing on its ability to serve the Pentagon Building upon withdrawal of the Capital Transit Company.

Some of the basic information is supplied in the petition of the War Department and is as follows:

Pentagon employees	20,000
Pentagon bus riders	10,000
Pentagon bus riders using Capital Transit Co.	7,000
Extra bus riders to be handled by Wash. Va. & Md.	3,500
Extra bus riders to be handled by A. B. & W.	3,500

The War Department petition recites that their staggered hours for reporting spread over a period of 1 hour and 15 minutes. This means that Washington, Virginia & Maryland Coach Company will be required to serve 3,500 additional passengers over a period of 1 hour and 15 minutes. Much of the added traffic is counterflow traffic so far as Washington, Virginia & Maryland Coach Company is concerned.

The combined operating schedules of Washington, Virginia & Maryland Coach and A. B. & W., as of April 1, 1947, showing buses and capacity is attached. With respect to the Washington, Virginia & Maryland Coach Company business resulting from the withdrawal of Capital Transit Company from the Pentagon amounts to 6% of our total present traffic. Arrangements have been made between Capital Transit Company and the Washington, Virginia & Maryland Coach Company whereby the latter company will lease from the Capital Transit Company approximately 35 buses for operation pending delivery to the Coach Company of new equipment now on order. These leased buses represent

30% increase in available equipment. The extra available capacity will provide for future expansion at the Pentagon Building.

Respectfully,

WASHINGTON, VIRGINIA & MARYLAND
COACH COMPANY

By H. H. ENGLAND, *General Manager*

1961 Copy To:
F. W. Denniston, Attorney
Office of the Judge Advocate General
War Department
Washington, D. C.

Mr. E. D. Merrill, President
Capital Transit Company
36th and M Streets, N. W.
Washington, D. C.

Alexandria, Barcroft & Washington Transit Company
Alexandria, Virginia

Judge H. Lester Hooker
Virginia Corporation Commission
Richmond, Virginia

Exhibit 147

CONSOLIDATED STATEMENT

Revised as of 3-18-47

A. B. & W. TRANSIT AND W. V. & M. COACH CO.

Showing Joint Service for Pentagon, Effective April 1, 1947

Leave Washington

15 Minute Period Beginning	*Total Trips Capital Transit (1-6-47)*	*No. Trips A. B. & W. as of (4-1-47)*	*No. Trips W. V. & M. as of (4-1-47)*	*Total Trips A. B. & W. & W. V. & M. as of (4-1-47)*	*Capital Transit Total Pass (1-6-47)*	*A. B. & W. & W. V. & M. Total Pass (12-18-46)*	*Total Pass. A. B. & W. W. V. & M. Capital Transit*	*Minimum Capacity Rush-Value A. B. & W. & W. V. & M.*	*Extra Available Capacity*
A. M.									
6:30	1	6	3	9	39	178	217	498	281
6:45	3	11	4	15	121	296	417	845	428
7:00	5	15	5	20	331	347	678	1044	366
7:15	13	12	13	25	728	336	1064	1341	277
7:30	17	20	16	36	1182	688	1870	1921	51
7:45	18	22	19	41	1261	460	1721	2150	429
8:00	26	24	18	42	1661	271	1932	2352	420
8:15	21	24	16	40	1048	199	1247	2241	994
8:30	15	22	10	32	725	252	977	1718	741
8:45	6	18	4	22	298	222	520	1205	685
9:00	3	6	2	8	109	126	235	491	256
9:15	1	7	3	10	13	128	141	447	306
Totals	129	187	113	300	7516	3503	11,019	16,253	5234

1150

Leave Pentagon

P. M.									
3:30	1	9	3	12	43	225	268	677	409
3:45	1	12	3	15	41	192	233	846	613
4:00	2	12	9	21	95	304	399	1153	754
4:15	3	15	8	23	70	356	426	1265	839
4:30	13	15	11	26	650	405	1055	1379	324
4:45	21	18	14	32	1261	414	1675	1750	75
5:00	23	19	19	38	1466	456	1922	2071	149
5:15	25	20	15	35	1362	349	1711	1836	125
5:30	21	18	14	32	1253	454	1707	1804	97
5:45	8	14	7	21	391	261	652	1180	528
6:00	4	9	3	12	142	100	242	643	401
6:15	1	8	3	11	14	197	211	655	444
6:30	1	8	2	10	9	220	229	488	259

1151

1963 *Exhibit 147*

(Copy)

PC:zw
March 26, 1947

Honorable Robert P. Patterson,
Secretary of War,
War Department,
Washington 25, D. C.

Dear Mr. Patterson:

Division 3 of the Commission has given consideration to the petition which you transmitted with your letter of March 14, 1947, in which you requested the Commission to issue appropriate certificates and such other orders as may be necessary to insure the continuance of service by the Capital Transit Company between Washington, D. C., and the Pentagon Building in nearby Virginia.

Upon receipt of your petition, the Commission arranged for a conference between Commissioner John L. Rogers and employees of the Commission and representatives of the War Department, the Capital Transit Company, and the two Virginia motor bus lines which serve the Pentagon Building. In addition, employees of the Commission have made certain studies and surveys of the problem. At the conference, the Capital Transit Company indicated that it had agreed to give the Washington, Virginia, and Maryland Coach Company, Inc., assistance in performing the service on and after April 1, 1947, by making available to it a sufficient number of busses until such time as it can obtain equipment of its own and the leased equipment is no longer needed in the Pentagon service. The Capital Transit Company has also agreed to assist the Washington, Virginia, and Maryland Coach Company in obtaining additional necessary manpower. The Alexandria, Barcroft, and Washington Transit Company apparently has no need for assistance from the Capital Transit Company in obtaining equipment or manpower. The two Virginia lines have had considerable experience in the mass transportation of passengers by motor bus and, after considerable study, they are of the opinion that they can provide adequate service to employees of the Pentagon Building on and after April 1, 1947.

The Capital Transit Company instituted its temporary service at a time when the Virginia Lines were not equipped to provide adequate service. They have since augmented their equipment and the Capital Transit Company has indicated that it is able to, and will provide any necessary assist-

ance which they may need. It appears, therefore, that the Virginia lines can reasonable be expected to provide adequate service.

1964 In view of the foregoing, Division 3 has decided not to grant the petition.

Very truly yours,

Secretary.

cc: Mr. E. D. Merrill, President
Capital Transit Company
36th and M Streets, N. W.
Washington, D. C.
Mr. S. Harrison Kahn
549 Investment Building
Washington, D. C.
Mr. J. Ninnian Beall
Investment Building
Washington, D. C.

1965 *Exhibit 147*

C 1758
JAGL 1947/2579

March 24, 1947

Commissioner John L. Rogers
Interstate Commerce Commission
Washington 25, D. C.

Dear Mr. Rogers:

Reference is made to the Petition of the Secretary of War with respect to service of the Capital Transit Company to and from the Pentagon Building and to the conference held in your office on 17 March 1947. In accordance with your request, the following information has been obtained from the Commanding General, Military District of Washington as to the present and prospective building population of The Pentagon and to the question of reduction in starting periods.

"In reference to the building population of The Pentagon, it may be stated that in previous years the total population, including all shifts of War Department and non-War Department employees, has exceeded 30,000, but that it has in recent months dropped lower. The average base shift or rush-hour population, including War Department and other personnel for 1945, was 26,900, and for 1946 was 22,900. The similar popula-

tion figure for February 1947, is 21,300, and the similar forecast for December 31, 1947 is 25,300. Firm estimates based on known policies and planned moves, and making adequate allowance for any reduction in overall War Department personnel, give assurance that The Pentagon rush hour population will not fall below 25,000, and may exceed that figure, in 1948.

"Analysis of a recent bus traffic check at The Pentagon shows that during the morning and evening rush-hour periods 16,379 Pentagon passengers were transported to and from this building. It is believed significant that of this total of 16,379 employees transported to or from the District of Columbia and Maryland, 14,056 or 85.9% of the total, were Capital Transit Company patrons; 1801 or 10.9% used Alexandria, Barcroft and Washington Transit Company buses; and 522 or 3.2% rode in Washington, Virginia and Maryland Coach Company buses.

"With reference to the exaggerated stagger in hours of work which the War Department has had to accept during previous years, because of inadequate transportation facilities, it should be noted that repeated efforts have been made to improve the present inefficient system, but have met with opposition from the local bus companies reportedly based on shortage of equipment and operating personnel, and that inadequacies in service to and from The Pentagon have continued or increased despite recent reported improvements in transit facilities and in the manpower situation. It is contended that a maximum of three different starting
1966 hours for the War Department, as compared with the usual one starting time enjoyed by most other departments, for the present population, is the most that can be considered acceptable for War Department personnel employed in The Pentagon. The War Department plans to assign starting hours of 0800, 0815, and 0830 to the day shift personnel as soon as assured of adequate mass transportation. It may be noted that this three-shift schedule, in terms of the total number or present personnel that would be designated to start work at these stated times, is comparable to the number of people assigned to the same hours in previous years when transit facilities were supposedly inferior to those available today."

This office has received copies of the letters addressed to you by the Capital Transit Company; Washington, Vir-

ginia & Maryland Coach Company, and A, B, & W Transit Company in response to the Secretary's position. We wish to comment briefly upon the letters of 19 March 1947 of the two Virginia lines.

It was pointed out in the conference held in your office on 17 March 1947 that the Virginia lines had not as yet supplied actual operating schedules of their operations and it was the understanding of this office that these companies were to supply such information in accordance with the request made by the Commissioner. The letters of 19 March 1947 submit only a consolidated statement similar to that supplied by the War Department with a few revisions with respect to the total number of trips proposed.

As pointed out in the discussion in the matter, this consolidated statement is subject to the following deficiencies:

(a) The statement proposes to show extra available capacity over and above the number of persons transported to and from the Pentagon Building, but a large proportion of this supposed excess occurs in the hours of 6:30, 6:45, 7:00, 8:45, 9:00, and 9:15 in the morning, with corresponding periods in the evening, which are before and after the rush-hour period proper and are of no assistance in dealing with the rush-hour load. In addition, the calculations of rush-hour value are erroneously based on a loading factor of 150 per cent of seating capacity, instead of the 140 per cent factor used in the District of Columbia and elsewhere. At no time has the War Department accepted a loading factor in excess of 140 per cent as satisfactory.

(b) A general statement of this sort is of no value in determining whether the carriers can, in fact, perform the service. Their ability to render service would depend, among other things, in the availability of equipment and drivers, the exact points at which the Virginia busses would connect with existing Capital Transit lines in Washington, the precise time at which the buses are scheduled to run, the adequacy of terminal facilities, and many other factors.

1967 (c) The letter from Washington, Virginia & Maryland Coach Company makes the arbitrary assumption that the 7,000 Pentagon bus riders would divide equally between the two Virginia lines, but this is not necessarily true since the division of the traffic between the two lines will depend largely on the points at and convenience with which connections can be made with the Transit Company rail and bus lines in Washington.

(d) In the letter of 19 March 1947 from the attorney for A. B. and W. Transit Company it is stated that, in connection with the column headed "extra available capacity", due allowance has been made for through passengers not destined for the Pentagon Building. The meaning of this statement is not clear since the information supplied in this schedule is identical with that previously submitted in connection with which it has been stated by the representatives of the Virginia lines that these counts were made at the bridges rather than at The Pentagon, and admitting that non-Pentagon traffic is included in these figures.

For the above reasons and due to the fact that many factors affect the carriers' ability to render adequate service to The Pentagon, it is respectively requested that the Commission investigate and determine the ability of carriers to provide the service proposed by them.

Sincerely yours,

WILLIAM P. CONNALLY, Jr.
Colonel, JAGD
Acting Assistant Judge Advocate General

cc: Capital Transit Company
36th & M Sts., N. W.
Washington, D. C.

A. B. & W. Transit Company
600 N. Royal St.
Alexandria, Virginia

Washington, Virginia and Maryland Coach Company
North Randolph & Wilson Blvd.
Arlington, Virginia

1968 *Exhibit 148*

MILITARY DISTRICT OF WASHINGTON
Office of Army Headquarters Commandant
Transportation Branch

Serial No.
25 November 1947

TO ALL BUS RIDERS WHO USE TRANS-POTOMAC BUSES

IT IS URGENTLY REQUESTED THAT YOU FILL OUT THIS QUESTIONNAIRE AT ONCE. At present the trans-Potomac fares which you pay to or from your building include 13⅓¢ interline tickets (in books of 12 for $1.60), valid between your of-

fice and any point in the District of Columbia, including free transfers in D. C., and 8⅓¢ strip tickets (3 for 25¢), good between your office and the Washington terminals of the Virginia bus companies. The local bus companies concerned have requested the Interstate Commerce Commission to cancel the 8⅓¢ and 13⅓¢ one-way fares, which may mean that you will have to pay a one-way fare of 20¢. This study is being made by the Departments of the Army and Air Force in order to obtain data for the ICC, which must determine whether these proposed increases are justified. Please answer carefully and clearly each question shown below with information on your usual trips, filling in or checking one answer to every question on this and other side.

A. Name _____ Office _____
Room _____ (1) __ The Pentagon (2) __ Gravelly Point (3) __ Other (Name _____).

B. Residence _____ _____
(Nearest street intersection)
(1) __ D. C. (2) __ Md.

DESCRIPTION OF MORNING TRIP FROM HOME TO WORK

C. I leave home at _____.
(Time)

D. I first use (1) Route ____ CTCo bus; (2) Route ____ CTCo street car; (3) __ Private car; (4) __ Taxi; (5) __ Walk to Va. bus; (6) __ Other (Name _____).

E. I start this trip at _____
(Intersection, bus or car stop; DC line if Md. resident)

F. For this first part of my trip, I pay fare (Do not include fares paid in Md.) of (0) __ Nothing; (1) __ 6⅔¢ (Half of 13⅓¢ ticket); (2) __ CTCo pass; (3) __ 10¢; (4) __ Other (Name _____).

G. I arrive at Virginia company bus stop at _____ at _____.
(Street location) (Time)

H. There I board (1) __ ABW bus via Hwy Br; (2) __ ABW bus via Mem Br; (3) __ WVM (Arnold) bus via Hwy Br; (4) __ WVM (Arnold) bus via Mem Br; (5) __ WVM (Arnold) Rosslyn Shuttle); (6) __ Private car; (7) __ Other (Name _____).

J. For this part of my trip, I pay fare of (0) __ Nothing; (1) __ 6⅔¢ (Half of 13⅓¢ ticket); (2) __ 8⅓¢ strip ticket; (3) __ 10¢; (4) __ 5¢ (Rosslyn only); (5) __ Other (Name _____).

K. My total one-way fare to work is (1) __ 8⅓¢; (2) __ 10¢; (3) __ 13⅓¢; (4) __ 15¢; (5) __ 18⅓¢; (6) __ 20¢; (7) __ CTCo pass & 5¢ (Rosslyn only); (8) __ CTCo pass & 8⅓¢; (9) __ CTCo pass & 10¢; (10) __ Other (Name _____).

1968a

DESCRIPTION OF EVENING TRIP FROM WORK TO HOME

L. I stop work at _____ (Time) and leave the bus platform at _____ (Time).

M. I first use (1) __ ABW bus via Hwy Br; (2) __ ABW bus via Mem Br; (3) __ WVM (Arnold) bus via Hwy Br; (4) __ WVM (Arnold) bus via Mem Br; (5) __ WVM (Arnold) Rosslyn Shuttle; (6) __ Private car; (7) __ Other (Name _____).

N. For this part of my trip, I pay fare of (0) __ Nothing; (1) __ 5¢ (Rosslyn only); (2) __ 6⅔¢ (Half of 13⅓¢ ticket); (3) __ 8⅓¢; (4) __ 10¢; (5) __ Other (Name _____).

P. To go to _____ (Place where you leave this bus).

Q. From there, I use (1) Route ____ CTCo bus; (2) Route ____ CTCo street car; (3) __ Private car; (4) __ Taxi; (5) __ Walk; (6) __ Other (Name _____).

R. For this part of my trip, I pay fare (Do not include any fare paid in Md.) of (0) __ Nothing; (1) __ CTCo $1.50; (2) __ 6⅔¢ (Half of 13⅓¢ ticket); (3) __ 10¢; (4) __ Other (Name _____).

S. To go to _____ (Place where you leave last bus or street car, or leave D. C.)

(T.) My total one-way fare from work is (1) __ 8⅓¢; (2) __ 10¢; (3) __ 13⅓¢; (4) __ 15¢; (5) __ 18⅓¢; (6) __ 20¢; (7) __ CTCo pass & 5¢ (Rosslyn only); (8) __ CTCo pass & 8⅓¢; (9) __ CTCo pass & 10¢; (10) __ Other (Name _____).

U. How many minutes does it take from home to work? ____. From work to home? ____.

ADDITIONAL DETAILS AND COMMENTS

V. How many times do you transfer between vehicles on each one-way trip? _____.

(W.) How many separate times do you use a CTCo $1.50 weekly pass (other than the ten times used in going to and from work)? ____ times per week, or a total of 10 + ____ — ____ times used per week.

X. Present hours of work _____ to _____
Preferred hours of work _____ to _____
(1st Choice)
or _____ to _____
(2d Choice)

(Y.) Describe the present bus service you use by putting one of the following numbers in space for each company you use: (1) Excellent; (2) Food; (3) Fair; (4) Poor at present price; (5) Poor at any price; (6) Terrible

____ CTCo ____ ABW ____ WVM

(Z.) Are you opposed to any increases in fares? __ Yes; __ No; __ Not to slight increase Comments and suggestions _____

_____

SUPERVISOR: Return each form as soon as completed to Room 5C-471, The Pentagon (Ext. 3866)

1969 *Exhibit 149*

DEPARTMENTS OF THE ARMY AND AIR FORCE

Distribution of District of Columbia fares reported paid to Capital Transit Company shown by building and fare paid and direction of travel

Southbound Trip

Line	Building	Pass	6¾¢	10¢	Total
	(1)	(2)	(3)	(4)	(5)
1	The Pentagon	1205	1983	930	4118
2	Building T-7	118	129	190	437
3	Total	1323	2112	1120	4555

Northbound Trip

4	The Pentagon	1201	1982	960	4143
5	Building T-7	118	126	193	437
6	Total	1319	2108	1153	4580

Total of Southbound and Northbound Trips

7	The Pentagon	2406	3965	1890	8261
8	Building T-7	236	255	383	874
9	Total	2642	4220	2273	9135

Percentage Distribution or DC Fares Paid in Both Directions

10	The Pentagon	29.1	48.0	22.9	100.0
11	Building T-7	27.0	29.2	43.8	100.0
12	Total	28.9	46.2	24.9	100.0

1970 *Exhibit 150*

DEPARTMENTS OF THE ARMY AND AIR FORCE

Distribution of trans-Potomac fares reported paid to Virginia bus companies (ABW-WVM) shown by building and fare paid and direction of travel

Line	Building	6⅓¢	8⅓¢	10¢	Total
	(1)	(2)	(3)	(4)	(5)
	Southbound Trip				
1	The Pentagon	1987	1658	746	4391
2	Building T-7	131	135	200	466
3	Total	2118	1793	946	4857
	Northbound Trip				
4	The Pentagon	1994	1657	724	4375
5	Building T-7	127	129	193	449
6	Total	2121	1786	917	4824
	Total of Southbound and Northbound Trips				
7	The Pentagon	3981	3315	1470	8766
8	Building T-7	258	264	393	915
9	Total	4239	3579	1863	9681
	Percentage Distribution of Trans-Potomac Fares Paid in Both Directions				
10	The Pentagon	45.4	37.8	16.8	100.0
11	Building T-7	28.2	28.9	42.9	100.0
12	Total	43.8	37.0	19.2	100.0

1971 *Exhibit 151*

DEPARTMENTS OF THE ARMY AND AIR FORCE

Distribution of District of Columbia and trans-Potomac fares reported paid to Capital Transit Company and Virginia bus companies shown by building and fare paid and direction of travel

Southbound Trip

Line	Building	8½¢	10¢	13½¢	18½¢	20¢	CTC Pass. & 8½¢	CTC Pass & 10¢	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	The Pentagon	236	69	1972	416	489	999	188	4369
2	Building T-7	16	13	129	43	145	76	42	464
3	Total	252	82	2101	459	634	1075	230	4833

Northbound Trip

4	The Pentagon	232	74	1978	419	494	1009	175	4381
5	Building T-7	12	14	125	46	140	72	44	453
6	Total	244	88	2103	465	634	1081	219	4834

Total of Southbound and Northbound Trips

7	The Pentagon	468	143	3950	835	983	2008	363	8750
8	Building T-7	28	27	254	89	285	148	86	917
9	Total	496	170	4204	924	1268	2156	449	9667

Percentage Distribution of DC and Trans-Potomac Fares Paid in Both Directions

10	The Pentagon	5.2	1.7	43.5	9.5	13.1	22.2	4.8	100.0
11	Building T-7	5.1	1.8	43.5	9.6	13.1	22.4	4.5	100.0
12	Total	5.1	1.8	43.5	9.6	13.1	22.3	4.6	100.0

1972 *Exhibit 152*

DEPARTMENTS OF THE ARMY AND AIR FORCE

Analysis of Capital Transit Company pass use

Building	No. of Employees Reporting Pass Use	Total Pass Use Reported	Average Pass Use Reported	Value of Ride[1]
The Pentagon	973	16,819	17.2	$0.0872
Building T-7	91	1,609	17.7	$0.0849
TOTAL	1,064	18,428	17.3	$0.0865

[1] Based on returns from questionnaires distributed to employees in The Pentagon and Building T-7 and pass cost of $1.50.

1973 *Exhibit 153*

DEPARTMENTS OF THE ARMY AND AIR FORCE

Distribution of comments of employees using present service provided by Capital Transit Company and ABW Transit Company and WVM Coach Company (Arnold Lines) shown by comment and company and building

Line	Comment	Companies								
		CTC			ABW			WVM		
		Pent	T-7	Total	Pent	T-7	Total	Pent	T-7	Total
1	Excellent	316	48	364	203	69	272	92	0	92
2	Good	1297	154	1451	992	180	1172	413	0	413
3	Fair	1265	129	1394	1183	139	1322	622	0	622
4	Poor at present price	567	42	609	432	24	456	250	0	250
5	Poor at any price	296	22	318	258	12	270	203	0	203
6	Terrible	228	21	249	147	9	156	171	0	171
7	Total	3969	416	4385	3215	433	3648	1751	0	1751
8	No comment	486	50	536	1241	33	1274	2709	466	3175
9	TOTAL	4455	466	4921	4456	466	4922	4460	466	4926

1974 *Exhibit 154*

DEPARTMENTS OF THE ARMY AND AIR FORCE

Distribution of responses of employees regarding proposed increase in fare shown by response by building in which employed

Response	Personnel employed in					
	The Pentagon		Building T-7		Total	
	No.	Per Cent	No.	Per Cent	No.	Per Cent
	(1)	(2)	(3)	(4)	(5)	(6)
Opposed to increase	4,325	97.1	450	96.6	4,775	97.0
Not opposed to increase	69	1.5	7	1.5	76	1.5
Not opposed to slight increase	32	0.7	6	1.3	38	0.8
Subtotal	4,426	99.3	463	99.4	4,889	99.3
No comment	30	0.7	3	0.6	33	0.7
TOTAL	4,456	100.0	466	100.0	4,922	100.0

1975 *Exhibit 155*

DEPARTMENTS OF THE ARMY AND AIR FORCE

Computation of average one-way mass transit travel distances between home and office of The Pentagon and Building T-7 employees shown by building by terminal line

Line	Travel	Terminal Line	No. of Passengers	Passenger Miles[2] Total	Passenger Miles[2] Average
1	Within DC and between DC and The Pentagon	ABW	2180	14,071.8	6.45
2		WVM	1910	11,281.2	5.91
3		WVM (Rosslyn)	36	171.2	4.76
4	Total		4126	25,524.2	6.19
5	Within DC and between DC and Building T-7	ABW	602	4,275.7	7.10
6	TOTAL		4728	29,799.9	6.30

[1] Number of passengers based on "nearest street intersection" questionnaire replies.

[2] Distances to building based on special analysis of normal distances along transit route; includes travel performed in DC and between DC and The Pentagon or Building T-7, but does not include travel performed in Maryland.

Departments of the Army and Air Force
Distribution of trans-Potomac traffic[1] shown by building by Virginia bus and bridge used

Southbound Trip

Line	Building	ABW via Hwy Bridge	ABW via Mem Bridge	WVM via Hwy Bridge	WVM via Mem Bridge	WVM Rosslyn Shuttle	Other[2]	Recapitulation ABW	Recapitulation WVM	Recapitulation Other	Recapitulation Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	The Pentagon	1961	666	474	1218	43	30	2627	1735	30	4392
2	Building T-7	399	52	—	—	—	6	451	—	6	457
3	Total	2360	718	474	1218	43	36	3078	1735	36	4849

Northbound Trip

4	The Pentagon	2484	503	489	829	43	44	2987	1361	44	4392
5	Building T-7	396	41	—	—	—	20	437	—	20	457
6	Total	2880	544	489	829	43	64	3424	1361	64	4849

Total of Southbound and Northbound Trips

7	The Pentagon	4445	1169	963	2047	43	74	5614	3053	74	8741
8	Building T-7	795	93	—	—	—	26	888	—	26	914
9	Total	5240	1262	963	2047	43	100	6502	3053	100	9655

Percentage Distribution of trans-Potomac Traffic

10	The Pentagon	50.9	13.4	11.0	23.4	0.5	0.8	64.3	34.9	0.8	100.0
11	Building T-7	87.0	10.2	—	—	—	2.8	97.2	—	2.8	100.0
12	Total	54.3	13.1	10.0	21.2	0.4	1.0	67.4	31.6	1.0	100.0

[1] Including bus traffic between The Pentagon and Rosslyn.
[2] Including replies which indicated use of other bus transportation for one-way trip.

1977 *Exhibit 157*

Count Taken 3 December 1947 by Military Police (Figures include 1530 hours to 1800 hours)

Load	14th St. (Highway) Bridge AB&W	Arnold	Total	Memorial Bridge AB&W	Arnold	Total	Grand Total
¼ or less	28	9	37	1	20	21	58
Over ¼	158	23	181	99	97	196	377
Total	186	32	218	100	117	217	435*

Memorial Bridge by Direction

Load	South AB&W	South Arnold	North AB&W	North Arnold	Total
¼ or less	1	10	0	10	21
Over ¼	67	51	32	46	196
Total	68	61	32	56	217

* Grand Total checks with total buses on work sheets.

1978 *Exhibit 158*

Departments of the Army and Air Force

Summary of Trans-Potomac Bus Traffic Data Between District of Columbia and Installations in Nearby Virginia on 6 November 1946

Northbound

	Airport	The Pentagon	Navy Annex & Arlington Farms
Morning Rush (0700-0900) Hours			
Number of Trips	23	67	94
Passengers Arriving	552	1,884	2,610
Passengers Getting Off	190	1,635	458
Passengers Remaining On	362	249	2,152
Passengers Getting On	26	314	730
Passengers Leaving	388	563	2,882
Midday (0901-1559) Hours			
Number of Trips	44	144	72
Passengers Arriving	1,221	2,348	2,326
Passengers Getting Off	161	336	53
Passengers Remaining On	1,060	2,012	2,273
Passengers Getting On	282	1,027	1,379
Passengers Leaving	1,342	3,039	3,623
Afternoon Rush (1600-1800) Hours			
Number of Trips	44	119	133
Passengers Arriving	901	821	2,326
Passengers Getting Off	30	132	53
Passengers Remaining On	871	689	2,273
Passengers Getting On	767	4,315	1,877
Passengers Leaving	1,638	5,004	4,035
Evening (1801-2400) Hours			
Number of Trips	26	78	140
Passengers Arriving	1,327	953	1,120
Passengers Getting Off	46	46	145
Passengers Remaining On	1,281	907	975
Passengers Getting On	210	328	319
Passengers Leaving	1,491	1,235	1,294

1979 *Exhibit 159*

DEPARTMENTS OF THE ARMY AND AIR FORCE

Summary of Trans-Potomac Bus Traffic Data for Installations in Nearby Virginia

Southbound

	Airport	The Pentagon	Navy Annex & Arlington Farms
Morning Rush (0700-0900) Hours			
Number of Trips	35	189	83
Passengers Arriving	1,532	7,609	2,575
Passengers Getting Off	1,043	6,401	1,465
Passengers Remaining On	489	1,208	1,113
Passengers Getting On	113	314	97
Passengers Leaving	602	1,522	1,210
Midday (0901-1559) Hours			
Number of Trips	46	93	152
Passengers Arriving	1,200	1,803	1,886
Passengers Getting Off	408	1,050	213
Passengers Remaining On	792	753	1,673
Passengers Getting On	88	216	120
Passengers Leaving	880	969	1,793
Afternoon Rush (1600-1800) Hours			
Number of Trips	15	133	72
Passengers Arriving	593	2,598	2,026
Passengers Getting Off	70	1,514	121
Passengers Remaining On	523	1,084	1,905
Passengers Getting On	152	239	345
Passengers Leaving	675	1,323	2,240
Evening (1801-2400) Hours			
Number of Trips	27	69	127
Passengers Arriving	1,066	1,868	1,903
Passengers Getting Off	165	123	140
Passengers Remaining On	901	1,745	1,763
Passengers Getting On	97	60	68
Passengers Leaving	998	1,805	1,831

1980 *Exhibit 160*

DEPARTMENTS OF THE ARMY AND AIR FORCE

Analysis of Use of Trans-Potomac Busses During Rush Hours Between District of Columbia and Various Installations in Nearby Virginia on 6 November 1947

Morning Rush (0700-0900) Hours—Southbound

Building	Trips	Total Seats	Passengers Arriving
Airport	35	1431	1532
Pentagon	189	7175	7609
Navy Annex	83	3426	2023

Afternoon Rush (1600-1800) Hours—Northbound

Building	Trips	Total Seats	Passengers Leaving
Airport	44	1830	1638
Pentagon	119	4416	5004
Navy Annex	133	5136	4035

1981 *Exhibit 161 (late-filed)*

DOCKET 28991

WASHINGTON, VIRGINIA, AND MARYLAND COACH CO. INC.

Profit and Loss Statement for Month of November, 1947— And Adjustments Thereto Per I. C. C. Suggestions in I. & S. M.-2748

	Year to Date	Month of November
Operating Revenues:		
3200 Passenger Revenue	$1,648,430.87	$ 163,130.63
3210 Special Bus Revenue	36,223.13	1,862.48
3900 Other Operating Revenue	6,027.62	723.89
Total Operating Revenue	1,690,681.62	165,717.00
Operating Expenses:		
Total Operating and Maintenance Expense Accounts 4110—5320	1,908,214.00	175,448.57
Net Operating Loss	(217,532.38)	(9,731.57)
Income Deductions:		
7000 Interest on Long-Term Obligations	31,514.48	4,159.57
7100 Other Interest Deductions	2,804.85	266.98
Total	34,319.33	4,426.55
Net Loss	(251,851.71)	(14,158.12)

(ADJUSTMENTS)	*Revenue*		*Deductions*	*Adjusted*
Jan. 1 to Nov. 30, 1947)	$1,690,681.62	(1)	$ 249.00	$1,690,432.62
	Expense			
Jan. 1 to Nov. 30, 1947)	$1,908,214.00	(1)	2,494.15	
		(2)	13,988.80	
		(3)	15,820.46	
		(4)	1,518.20	
		(5)	695.13	
		(7)	33,100.00	
		(8)	1,100.00	
		(12)	455.00	
			$ 69,171.74	$1,839,042.26
In keeping with the Commission's suggestions that terminal ownership and stock ownership be treated as an entity, certain expenses must be charged to the Company:				
		(6)	3,343.56	
		(9)	3,328.82	
		(10)	6,875.00	
			13,547.38	1,852,589.64
		(11)	9,166.66	
		(20)	34,319.33	
			43,485.99	$1,896,075.63
ADJUSTED NET LOSS: $1,896,075.63, less $1,690,432.62 =				$ 205,643.01

(EXPLANATORY NOTES): (1) The income and expense of White Bus No. 270 has been eliminated. (2) The corporate and individual officer-stockholder are one and the same for the purpose of determining income; therefore, for the purposes of this case we have eliminated all of the salary of J. L. Arnold. (3) Same as Note 2 except that the amount represents all of the salary of

Manuel J. Davis. (4) The examiner questioned some of the expense account items of J. L. Arnold. We have eliminated all of the expense items of J. L. Arnold regardless of their nature, to avoid any possible argument or question in connection therewith. (5) Same as Note 4 except that the amount represents all of the expenses of Manuel J. Davis. (6) For the purpose of this statement we have restated amortization of improvements to leasehold. (7) We have eliminated the terminal rent paid by the Coach Co. to Manuel J. Davis. (8) We have eliminated the rent paid by the Coach Co. on account of the law office of Manuel J. Davis. (9) The taxes and insurance on the terminal have been charged to company operating expenses. (10) Depreciation on the terminal has been charged to company operating expense. (11) Interest on the terminal mortgage has been charged to company expense based on 4% on $250,000. (12) Legal costs to investment. (20) Interest from Income and Expense statement.

1982 *Exhibit 162*

ALEXANDRIA, BARCROFT AND WASHINGTON TRANSIT COMPANY

Statement of Revenues and Expenses
For the Month of November, 1947 and the Eleven Months Ended November 30, 1947

	Month of November, 1947	*Eleven Months Ended November 30, 1947*
OPERATING REVENUES:		
Passenger revenue, local and suburban, Account 3200	$ 207,912.16	$2,461,479.94
Passenger revenue, charter, Account 3210	1,539.74	35,214.15
All other operating revenue accounts, Accounts 3220, 3300, 3400, 3500, 3600, 3900	665.55	7,220.82
TOTAL OPERATING REVENUES	$ 210,117.45	$2,503,914.91
OPERATING AND MAINTENANCE EXPENSES:		
Equipment maintenance and garage expense, Account 4100	$ 50,128.25	$ 611,902.00
Transportation expense, Account 4200	89,506.89	1,080,344.86
Station expense, Account 4300	3,235.90	37,851.47
Traffic solicitation and advertising expense, Account 4400	2,957.66	45,821.06
Insurance and safety expense, Account 4500	9,367.73	113,397.06
Administrative and general expense, Account 4600	14,109.73	152,777.25
TOTAL OPERATING AND MAINTENANCE EXPENSES	$ 169,306.16	$2,042,093.70
OTHER EXPENSES:		
Depreciation expense, Account 5000	20,494.76	204,524.81
Amortization charged to operations, Account 5100	333.17	3,659.83
Operating taxes and licenses, Account 5200	23,009.64	243,374.97
Operating rents, net, Account 5300	2,083.33	22,916.63
TOTAL EXPENSES	$ 215,227.06	$2,516,569.94
NET OPERATING REVENUE	$ 5,109.61	$ 12,655.03
OTHER INCOME, Accounts 5500, 6000, 6100, 6200, 6300, 6400, 6500	88.83	2,128.13
GROSS INCOME	$ 5,020.78-	$ 10,526.90-
OTHER DEDUCTIONS, Accounts 5400, 7000, 7100, 7200, 7300, 7400, 7500	1,165.32	19,480.05
NET INCOME BEFORE INCOME TAXES	$ 6,186.10-	$ 30,006.95-
Provision for income taxes	—	—
NET INCOME (or Loss)	$ 6,186.10-	$ 30,006.95-

- indicates loss.

1983 *Exhibit 163*

Capital Transit Company
Result of Operations—Year 1947
The Capital Transit Company

	First 6 Months of 1947	Last 6 Months of 1947	Year 1947
Passenger revenue	$12,955,836	$13,486,998	$26,442,834
Other operating revenues	291,003	247,956	538,959
Total Revenues	$13,246,839	$13,734,954	$26,981,793
Operating expenses	$10,694,515	$11,761,339	$22,455,854
Taxes	1,110,289	922,301	2,032,590
Depreciation	1,130,148	1,124,263	2,254,411
10% return on original cost Less depreciation Plus materials & supplies	1,500,874	1,500,874	3,001,748
Total Cost	$14,435,826	$15,308,777	$29,744,603
Loss	$-1,188,987	$-1,573,823	$-2,762,810

1984 *Exhibit 164*

Docket 28991

Washington, Virginia, & Maryland Coach Co. Inc.
Profit and Loss Statement for Month of December, 1947 and Adjustments Thereto Per I. C. C. Suggestions In I & X M-12748

	Year 1947	Month, December
Operating Revenues:		
3200 Passenger Revenue	$1,822,273.70	$ 173,842.83
3210 Special Bus Revenue	37,336.44	1,113.31
3900 Other Operating Revenue	7,070.17	1,042.55
Total Operating Revenue	1,866,680.31	175,998.69
Operating Expenses:		
Total Operating and Maintenance Expense, Accounts 4100-5320	2,136,780.38	228,566.38
Net Operating Loss	(270,100.07)	(52,567.69)
Income Deductions:		
7000 Interest, Long-term Obligations	35,336.77	3,822.29
7100 Other Interest Deductions	3,102.11	297.26
Total	38,438.88	4,119.55
Net Loss	(308,538.95)	(56,687.24)

ADJUSTMENTS

		Year, 1947	(Adjusted)	Month, December, 1947	(Adjusted)
Revenue:		$1,866,680.31		175,998.69	
	(1)	249.00	$1,866,431.31	—	175,998.69
Expenses:		$2,136,780.38		228,566.38	
Deductions	(1)	2,494.15	(1)	—	
	(2)	14,432.27	(2)	443.47	
	(3)	16,338.34	(3)	517.88	
	(4)	1,669.57	(4)	151.37	
	(5)	837.73	(5)	142.60	
	(7)	37,200.00	(7)	3,100.00	
	(8)	1,200.00	(8)	100.00	
	(12)	455.00	(12)	—	
Total deductions		$ 74,627.06	$2,062,153.32	$ 4,455.32	$ 224,111.06
*Additions	(6)	3,647.52	(6)	303.96	
	(9)	3,631.44	(9)	302.62	
	(10)	7,500.00	(10)	625.00	
		14,778.96	$2,076,932.28	1,231.58	225,342.64
	(11)	10,000.00	(11)	833.33	
	(20)	38,438.88	(20)	4,119.55	
		48,438.88	$2,125,371.16	4,952.88	$ 230,295.52

Adjusted Net Loss: *Month December* ($230,295.52 less 175,998.69) = 54,296.83
Year 1947 ($2,125,371.16 less $1,866,431.31) = $258,939.85

(Notes: 1. The income and expense of White Bus No. 270 has been eliminated; 2. The corporate and individual officer-stockholder are one and the same for the purpose of determining income; therefore, for the purposes of this case we have eliminated all of the salary of J. L. Arnold. 3. Same as note 2 except that the amount represents all of the salary of M. J. Davis. 4. The examiner questioned some of the expense account items of J. L. Arnold; we have eliminated all of the expense items of J. L. Arnold regardless of their nature to avoid any possible argument or question in connection therewith. 5. Same as note 4 except that the amout represents all of the expenses of M. J. Davis. 6. For the purpose of this statement we have restated amortization of improvements to leasehold. 7. We have eliminated the terminal rent paid by the Coach Co. to M. J. Davis. 8. We have eliminated the rent paid on account of the law office of M. J. Davis. 9. The taxes and insurance on the terminal have been charged to company operating expenses; 10. Depreciation on the terminal has been charged to company operating expense. 11. Interest on the terminal mortgage has been charged to company expense based on 4% on $250,000. 12. Legal costs to investment. 20. Interest from Income and Expense statement.

* In keeping with the Commission's suggestion that terminal owership and stock ownership be treated as an entity, certain expenses must be charged to the Company.

1986 4-490

Report must be forwarded in triplicate to District office of BUREAU OF MOTOR CARRIERS INTERSTATE COMMERCE COMMISSION within 30 days after the close of the period which this report covers
The oath on the reverse side must be completed before this report is submitted

INTERSTATE COMMERCE COMMISSION
Quarterly Report of Revenues, Expenses, and Statistics
Class I Motor Carriers of Passengers

Form Approved
Budget Bureau No. 60—R050

For the three and 6 months ended June 30, 1947 and 1946

Full name of reporting carrier Washington, Virginia and Maryland Coach Co. Inc. combined with Arlington and Fairfax Motor Transportation Co.

Address 707 N. Randolph Street, Arlington, Virginia

Figures for the Quarter This Year (a)	Figures for the Quarter Last Year (b)	Region No. 4 ITEMS (See instructions on back) REPORT MONEY ITEMS IN WHOLE DOLLARS IN ALL COLUMNS (c)	Cumulative Figures This Year (d)	Cumulative Figures Last Year (e)
		OPERATING REVENUES		
$.....	$.....	1. Passenger revenue—Intercity schedules (account 3200)	$.....	$.....
497,670	489,192	2. Passenger revenue—Local and suburban schedules (account 3200)	943,446	1,007,576
11,028	6,970	3. Passenger revenue—Charter or special service (account 3210)	15,149	12,310
1,345	1,286	4. All other operating revenue (accounts 3220, 3390, 3400, 3500, 3600, 3900)	2,600	2,847
510,043	497,448	5. Total operating revenues (account 3000)	961,195	1,022,733
		OPERATION AND MAINTENANCE EXPENSES		
$ 146,975	$ 119,303	6. Equipment maintenance and garage expense (account 4100)	$ 284,224	$ 265,547
334,914	184,176	7. Transportation expense (account 4200)	453,628	381,913
1,568	1,129	8. Station expense (account 4300)	2,853	2,661
7,180	4,074	9. Traffic, solicitation, and advertising expense (account 4400)	14,048	9,353
30,234	27,409	10. Insurance and safety expense (account 4500)	53,375	53,198
31,873	41,651	11. Administrative and general expense (account 4600)	70,335	103,996
452,744	377,742	12. Total operation and maintenance expense (account 4000)	883,463	815,668
		OTHER EXPENSES		
49,773	49,707	13. Depreciation expense (account 5000)	92,320	96,419
		14. Amortization chargeable to operations (account 5100)		
53,305	57,021	15. Operating taxes and licenses (account 5200)	104,579	101,774
37,323	8,989	16. Operating rents—Net (account 5300)	38,727	21,222
582,045	493,459	17. Total expenses (items 12, 13, 14, 15, and 16)	1,119,089	1,035,083
(72,002)	3,989	18. Net operating revenue (item 5 less item 17)	(157,894)	(12,350)
		OTHER INCOME		
—	—	19. Other income (accounts 5500, 6000, 6100, 6200, 6300, 6400, 6500)	12	—
(72,002)	3,989	20. Gross income (item 18, plus item 19)	(157,882)	(12,350)
8,854	4,916	21. Other deductions (accounts 5400, 7000, 7100, 7200, 7300, 7400, 7500)	16,042	10,860
(80,856)	(927)	22. Net income before income taxes (item 20, less item 21)	(173,924)	(23,210)
		23. Provisions for income taxes (account 8000)		
(80,856)	(927)	24. Net income (or loss) (item 22, less item 23)	(173,924)	(23,210)
		STATISTICS		
		25. Miles of highway over which intercity regular route operations were conducted...		
		26. Vehicle-miles operated by busses on intercity schedules (regular route)*		
1,396,958	1,353,678	27. Vehicle-miles operated by busses on local and suburban schedules (regular route)*	2,735,747	2,746,234
17,334	10,741	28. Vehicle-miles operated by busses in charter or special service*	24,989	18,263
—	—	29. Vehicle-miles operated by combination truck-busses in intercity service*	—	—
—	—	30. Number of revenue passengers carried by busses on intercity schedules (regular route)	—	—
5,027,130	5,187,047	31. Number of revenue passengers carried by busses on local and suburban schedules (regular route)	9,641,618	11,116,428
16,589	8,482	32. Number of revenue passengers carried by busses in charter or special service	22,946	15,666
6 458 011	6 559 948		13 435 300	13 897 290

States in which operations are principally conducted Virginia and District of Columbia

*Include both loaded and empty mileage of both owned and leased vehicles.

See reverse side for definition of "intercity schedules" and "local and suburban schedules."

1987

Interstate Commerce Commission
Washington, D. C.

INSTRUCTIONS

Interstate Commerce Commission
BUREAU OF MOTOR CARRIERS

RECEIVED
Aug 1 1947
Charlotte, N. C.

The revenue, operation and maintenance, and other expense items in this report should be taken from and agree with the accounts kept in conformity with the current uniform system of accounts prescribed by the Interstate Commerce Commission for motor carriers of passengers. The account numbers in the "Item" column refer to the account numbers prescribed in the accounting regulations. This statement should cover the operations of the reporting carrier from the beginning of business on the first day to the close of the last day for the period covered. Deficits, losses, or other reverse items must be shown in red. Carriers which keep their accounts on a 4-week instead of a calendar-month basis may report three such 4-weeks periods in each of the returns for the first three quarters and the four remaining periods in the last quarter.

DEFINITIONS

INTERCITY SCHEDULES shall include all schedules (other than charter or special service) operated beyond the limits defined for local and suburban schedules.

LOCAL AND SUBURBAN SCHEDULES shall include schedules (other than charter or special service) operated within a municipality and the trading and suburban residential area adjacent thereto.

OATH

State of Virginia, County of Arlington, ss.

I, the undersigned Secretary-Treasurer of the
(Title of officer in charge of accounts)
Washington, Virginia and Maryland Coach Company, Inc.
(Full name of reporting carrier)
on my oath do say that the annexed return has been prepared under my direction; that I have carefully examined the same, and declare the same to be a complete and cor-

rect statement of the operating revenues, expenses, and statistics for the period named, and that the various items here reported were, to the best of my knowledge, information, and belief, determined in accordance with the accounting rules promulgated by the Interstate Commerce Commission for class I motor carriers of passengers.

H. H. ENGLAND
(Signature of affiant)

Subscribed and sworn to before me this
31st day of July, 1947.
VIRGINIA C. MCEVOY,
(Seal) Notary Public
My Commission Expires May 19, 1951.

1988 Interstate Commerce Commission
Washington 25

I, W. P. BARTEL, Secretary of the INTERSTATE COMMERCE COMMISSION, do hereby certify that the attached are true copies of the cover and page 301 in the annual reports of Capital Transit Company, Washington, D. C., to the Interstate Commerce Commission for the years ended December 31, 1943, 1944, 1945, 1946 and 1947, the originals of which are now on file in this Commission, in my custody as Secretary of said Commission, except that the figures which appear in red in the originals are underscored in red in the attached copies.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of said Commission this 30th day of July, A. D. 1948.

W. P. BARTEL
Secretary of the Interstate Commerce Commission
(Seal)

1989 6615 State Commission Form—Electric

ANNUAL REPORT
OF
CAPITAL TRANSIT COMPANY
WASHINGTON, D. C.
TO THE
PUBLIC SERVICE COMMISSION
OF THE
STATE OF MARYLAND
FOR THE
YEAR ENDED DECEMBER 31, 1943

Interstate Commerce Commission
Received
Mar 29 1944
BUREAU OF STATISTICS

NONE

1990

Report for the Year ended December 31, 1943

300 I. INCOME STATEMENT FOR THE YEAR—RAILWAY AND BUS

Give the Income Account of the respondent for the year in accordance with the rules prescribed in the Uniform System of Accounts for Electric Railways.

Line No.	Item (a)	Amount applicable to the year (b)	Comparison with preceding year (increase in black, decrease in red) (c)
		$	$
1	I. OPERATING INCOME	x	x
2 (201)	Operating revenues (p. 302)	27,807,734.25	3,852,024.61
3 (213)	Operating expenses (p. 305, 306, or 307)	19,900,402.81	2,544,358.65
4	Net revenue*—Operations	7,907,331.44	1,307,665.96
5 (202)	Auxiliary operations—Revenues (p. 303)	x	x
6 (214)	Auxiliary operations—Expenses (p. 303)	x	x
7	Net revenue*—Auxiliary operations (p. 303)	x	x
8	Net operating revenue*	7,907,331.44	1,307,665.96
9 (1405) (215)	Taxes assignable to Operations (p. 310)	5,794,148.75	1,561,591.75
10	Operating income*	2,113,182.69	253,925.79

Line No.	Item (a)	Amount applicable to the year (b)	Comparison with preceding year (increase in black, decrease in red) (c)
		$	$
11	II. Nonoperating Income	x	x
12 (203)	Income from lease of road (p. 311)	x	x
13 (204)	Miscellaneous rent income (p. 311)	x	x
14 (205)	Net income from miscel. physical property (p. 303)	85,135.83	9,292.82
15 (206)	Dividend income	x	x
16 (207)	Income from funded securities	51,748.08	24,465.22
17 (208)	Income from unfunded securities and accounts (p. 312)	12,785.77	6,458.70
18 (209)	Income from sinking fund and other reserves	x	x
19 (210)	Release of premiums on funded debt	185.76	x
20 (211)	Contributions from others (p. 312)	x	x
21 (212)	Miscellaneous income (p. 312)	x	x
22	Total nonoperating income	149,855.44	40,216.74
23	Gross income*	2,263,038.13	*213,709.05*
24	III. Deductions From Gross Income	x	x
25 (216)	Rent for leased roads (p. 313)	x	x
26 (217)	Miscellaneous rents (p. 314)	x	x
27 (218)	Miscellaneous taxes	x	x
28 (219)	Net loss on miscel. physical property (p. 303)	x	x
29 (220)	Interest on funded debt	730,580.42	*1,689.84*
30 (221)	Interest on unfunded debt (p. 314)	x	x
31 (222)	Amortization of discount on funded debt	15,804.97	*2,918.73*
32 (223)	Income transferred to other companies (p. 314)	x	x
33 (224)	Maintenance of organization—Lessor companies	x	x
34 (225)	Miscellaneous debits (p. 314)	7,808.86	*756.33*
35	Total deductions from gross income	754,194.25	*5,364.90*
36	Income* balance transferred to Profit and Loss	1,508,843.88	*208,344.15*

* Deficit, if in red.

Note—Figures in Italics denote red underlining in original.

1991 6615

Annual Report Form G
(Electric Railways)

BUDGET BUREAU
No. 60-R102.1
Approval Expires 7-31-45

Street Ry.

ANNUAL REPORT
OF
CAPITAL TRANSIT COMPANY
WASHINGTON, D. C.
TO THE
INTERSTATE COMMERCE COMMISSION
FOR THE
YEAR ENDED DECEMBER 31, 1944

Interstate Commerce Commission
Received
Mar 29 1945
BUREAU OF TRANSPORT ECONOMICS & STATISTICS

1992

Report for the Year ended December 31, 1944

300 I. INCOME STATEMENT FOR THE YEAR—RAILWAY AND BUS

Give the Income Account of the respondent for the year in accordance with the rules prescribed in the Uniform System of Accounts for Electric Railways.

Line No.	Item (a)	Amount applicable to the year (b)	Comparison with preceding year (increase in black, decrease in red) (c)
		$	$
1	I. OPERATING INCOME	x	x
2 (201)	Operating revenues (p. 302)	27,613,313.96	194,420.29
3 (213)	Operating expenses (pp. 305, 306, or 307)	20,487,210.47	586,807.66
4	Net revenue*—Operations	7,126,103.49	781,227.95
5 (202)	Auxiliary operations—Revenues (p. 303)	x	x
6 (214)	Auxiliary operations—Expenses (p. 303)	x	x
7	Net revenue*—Auxiliary operations (p. 303)	x	x
8	Net operating revenue*	7,126,103.49	781,227.95
(1405) 9 (215)	Taxes assignable to Operations (p. 310)	5,026,432.21	767,716.54
10	Operating income*	2,099,671.28	13,511.41

Line No.	Item	Amount applicable to the year	Comparison with preceding year (increase in black, decrease in red)
		$	$
11	II. NONOPERATING INCOME	x	x
12 (203)	Income from lease of road (p. 311) ..	x	x
13 (204)	Miscellaneous rent income (p. 311)	x	x
14 (205)	Net income from miscel. physical property (p. 303)	92,161.38	7,025.55
15 (206)	Dividend income	x	x
16 (207)	Income from funded securities	73,583.28	21,835.20
17 (208)	Income from unfunded securities and accounts (p. 312)	11,380.81	*1,404.96*
18 (209)	Income from sinking fund and other reserves	x	x
19 (210)	Release of premiums on funded debt ..	185.76	x
20 (211)	Contributions from others (p. 312)	x	x
21 (212)	Miscellaneous income (p. 312)	x	x
22	Total nonoperating income	177,311.23	*27,455.79*
23	Gross income*	2,276,982.51	13,944.38
24	III. DEDUCTIONS FROM GROSS INCOME	x	x
25 (216)	Rent for leased roads (p. 313)	x	x
26 (217)	Miscellaneous rents (p.314)	x	x
27 (218)	Miscellaneous taxes	x	x
28 (219)	Net loss on miscel. physical property (p. 303)	x	x
29 (220)	Interest on funded debt	718,031.67	*12,548.75*
30 (221)	Interest on unfunded debt (p. 314)	x	x
31 (222)	Amortization of discount on funded debt	15,831.34	26.37
32 (223)	Income transferred to other companies (p. 314)	x	x
33 (224)	Maintenance of organization—Lessor companies	x	x
34 (225)	Miscellaneous debits (p. 314)	8,199.90	391.04
35	Total deductions from gross income	742,062.91	*12,131.34*
36	Income* balance transferred to Profit and Loss	1,534,919.60	26,075.72

* Deficit, if in red.

NOTE—Figures in Italics denote red underlining in original.

1993 6615

Annual Report Form G
(Electric Railways)

BUDGET BUREAU
No. 60-R102.2
Approval Expires 7-31-46

Street Rys.

ANNUAL REPORT
OF
CAPITAL TRANSIT COMPANY
WASHINGTON, D. C.
TO THE
INTERSTATE COMMERCE COMMISSION
FOR THE
YEAR ENDED DECEMBER 31, 1945

Interstate Commerce Commission
Received
Apr 1 1946
BUREAU OF TRANSPORT ECONOMICS & STATISTICS

1994

Report for the Year ended December 31, 1945

300 I. INCOME STATEMENT FOR THE YEAR—RAILWAY AND BUS

Give the Income Account of the respondent for the year in accordance with the rules prescribed in the Uniform System of Accounts for Electric Railways.

Line No.	Item (a)	Amount applicable to the year (b)	Comparison with preceding year (increase in black, decrease in red) (c)
		$	$
1	I. OPERATING INCOME	x	x
2 (201)	Operating revenues (p. 302)	27,393,836.56	*219,477.40*
3 (213)	Operating expenses (pp. 305, 306, or 307)	21,537,348.08	1,050,137.61
4	Net revenue*—operations	5,856,488.48	*1,269,615.01*
5 (202)	Auxiliary operations—Revenues (p. 303)	x	x
6 (214)	Auxiliary operations—Expenses (p. 303)	x	x
7	Net revenue*—Auxiliary operations (p. 303)	x	x
8	Net operating revenue*	5,856,488.48	*1,269,615.01*
(1405) 9 (215)	Taxes assignable to operations (p. 310)	4,003,854.70	*1,022,577.51*
10	Operating income*	1,852,633.78	*247,037.50*

Line No.	Item (a)	Amount applicable to the year (b)	Comparison with preceding year (increase in black, decrease in red) (c)
		$	$
11	II. Nonoperating Income	x	x
12 (203)	Income from lease of road (p. 311)	x	x
13 (204)	Miscellaneous rent income (p. 311)	x	x
14 (205)	Net income from miscel. physical property (p. 303)	81,753.88	*10,407.50*
15 (206)	Dividend income	x	x
16 (207)	Income from funded securities	70,539.44	*3,043.84*
17 (208)	Income from unfunded securities and accounts (p. 312)	22,657.29	11,276.48
18 (209)	Income from sinking fund and other reserves	x	x
19 (210)	Release of premiums on funded debt ..	15.48	*170.28*
20 (211)	Contributions from others (p. 312)	x	x
21 (212)	Miscellaneous income (p. 312)	x	x
22	Total nonoperating income	174,966.09	*2,345.14*
23	Gross income*	2,027,599.87	*249,382.64*
24	III. Deductions From Gross Income	x	x
25 (216)	Rent for leased roads (p. 313)	x	x
26 (217)	Miscellaneous rents (p. 314)	x	x
27 (218)	Miscellaneous taxes	x	x
28 (219)	Net loss on miscel. physical property (p. 303)	x	x
29 (220)	Interest on funded debt	638,118.37	*79,913.30*
30 (221)	Interest on unfunded debt (p. 314)	473.36	473.36
31 (222)	Amortization of discount on funded debt	60,584.26	44,752.92
32 (223)	Income transferred to other compaines (p. 314)	x	x
33 (224)	Maintenance of organization—Lessor companies	x	x
34 (225)	Miscellaneous debits (p. 314)	10,465.88	2,265.98
35	Total deductions from gross income	709,641.87	*32,421.04*
36	Income* balance transferred to Profit and Loss	1,317,958.00	*216,961.60*

* Deficit, if in red.

Note—Figures in Italics denote red underlining in original.

1995 6615

Annual Report Form G
(Electric Railways)

BUDGET BUREAU
No. 60-R102.3

Approval Expires 7-31-47

Street Rys.

ANNUAL REPORT
OF
CAPITAL TRANSIT COMPANY
WASHINGTON, D. C.
TO THE
INTERSTATE COMMERCE COMMISSION
FOR THE
YEAR ENDED DECEMBER 31, 1946

Interstate Commerce Commission
Received
Mar 27 1947
BUREAU OF TRANSPORT ECONOMICS & STATISTICS

3/27/47
1996

Report for the Year ended December 31, 1946

300 I. INCOME STATEMENT FOR THE YEAR

Give the Income Account of the respondent for the year in accordance with the rules prescribed in the Uniform System of Accounts for Electric Railways.

Line No.	Item (a)	Amount applicable to the year (b)	Comparison with preceding year (increase in black, decrease in red) (c)
		$	$
1	I. OPERATING INCOME	x	x
2 (201)	Operating revenues (p. 302)	26,845,830.10	548,006.46
3 (213)	Operating expenses (pp. 305, 306, or 307)	22,828,578.75	1,291,230.67
4	Net revenue*—operations	4,017,251.35	1,839,237.13
5 (202)	Auxiliary operations—Revenues (p. 303)	x	x
6 (214)	Auxiliary operations—Expenses (p. 303)	x	x
7	Net revenue*—Auxiliary operations (p. 303)	x	x
8 (1405)	Net operating revenue*	4,017,251.35	1,839,237.13
9 (215)	Taxes assignable to operations (p. 310)	2,596,599.32	1,407,255.38
10	Operating income*	1,420,652.03	431,981.75

Line No.	Item (a)	Amount applicable to the year (b)	Comparison with preceding year (increase in black, decrease in red) (c)
		$	$
11	II. Nonoperating Income	x	x
12 (203)	Income from lease of road (p. 311)	x	x
13 (204)	Miscellaneous rent income (p. 311)	x	x
14 (205)	Net income from miscel. physical property (p. 303)	97,457.14	15,703.26
15 (206)	Dividend income	40,000.00	40,000.00
16 (207)	Income from funded securities	47,263.92	*23,275.52*
17 (208)	Income from unfunded securities and accounts (p. 312)	26,624.21	3,966.92
18 (209)	Income from sinking fund and other reserves	x	x
19 (210)	Release of premiums on funded debt ..	x	*15.48*
20 (211)	Contributions from others (p. 312)	x	x
21 (212)	Miscellaneous income (p. 312)	x	x
22	Total nonoperating income	211,345.27	36,379.18
23	Gross income*	1,631,997.30	*395,602.57*
24	III. Deductions From Gross Income	x	x
25 (216)	Rent for leased roads (p. 313)	x	x
26 (217)	Miscellaneous rents (p. 314)	x	x
27 (218)	Miscellaneous taxes	x	x
28 (219)	Net loss on miscel. physical property (p. 303)	x	x
29 (220)	Interest on funded debt	520,745.37	*117,373.00*
30 (221)	Interest on unfunded debt (p. 314)	1,027.48	554.12
31 (222)	Amortization of discount on funded debt	140,254.28	79,670.02
32 (223)	Income transferred to other companies (p. 314)	x	x
33 (224)	Maintenance of organization—Lessor companies	x	x
34 (225)	Miscellaneous debits (p. 314)	4,116.43	*6,349.45*
35	Total deductions from gross income	666,143.56	*43,498.31*
36	Income* balance transferred to Profit and Loss	965,853.74	*352,104.26*

* Deficit, if in red.

Note—Figures in Italics denote red underlining in original.

1997 6615

Annual Report Form G
(Electric Railways)

Budget Bureau
No. 60-R102.4

Approval Expires 7-31-48

Street Rys.

ANNUAL REPORT
OF
CAPITAL TRANSIT COMPANY
WASHINGTON, D. C.
TO THE
INTERSTATE COMMERCE COMMISSION
FOR THE
YEAR ENDED DECEMBER 31, 1947

Interstate Commerce Commission
Received
Mar 29 1948
BUREAU OF TRANSPORT ECONOMICS & STATISTICS

1998

300 I INCOME STATEMENT FOR THE YEAR 1947

	Item (a)	Amount Applicable to the Year (b)	Comparison with Preceding Year (c)
	I. OPERATING INCOME		
(201)	Operating revenues (p. 303)	$26,981,792.74	$ 135,962.64
(213)	Operating expenses (p. 304)	24,710,265.55	1,881,686.80
	Net Revenue	2,271,527.19	-1,745,724.16
(202)	Auxiliary operations—Revenue (p. 307)		
(202)	Auxiliary operations—Expenses (p. 307)		
	Net Operating Revenue	2,271,527.19	-1,745,724.16
(1405)	Taxes assignable to transportation operations (p. 310)	2,032,589.46	-564,009.86
(215)			
	Operating Income	$ 238,937.73	$-1,181,714.30

	Item (a)	Amount Applicable to the Year (b)	Comparison with Preceding Year (c)
	II. Non-operating Income		
(203)	Income from lease of road (p. 311)	$ —	$ —
(204)	Miscellaneous rent income (p. 311)	—	—
(205)	Net income from misc. physical property (p. 307)	84,497.23	-12,959.91
(206)	Dividend income	7,000.00	-33,000.00
(207)	Income from funded securities	45,061.04	-2,202.88
(208)	Income from unfunded securities and accounts (p. 312)	32,440.11	5,815.90
(209)	Income from sinking fund and other reserves	—	—
(210)	Release of premium on funded debt	—	—
(211)	Contributions from others (p. 312)	—	—
(212)	Miscellaneous income (p. 312)	—	—
(212.1)	Delayed income credits (p. 316)	—	—
	Total Non-Operating Income	168,998.38	-42,346.89
	Gross income	$ 407,936.11	$-1,224,061.19
	III. Deductions From Gross Income		
(216)	Rent for leased roads (p. 313)	$ —	$ —
(217)	Miscellaneous rents (p. 314)	—	—
(218)	Miscellaneous taxes	—	—
(219)	Net loss on misc. physical property (p. 307)	—	—
(220)	Interest on funded debt	425,898.94	-94,846.43
(221)	Interest on unfunded debt (p. 314)	—	-1,027.48
(222)	Amortization of discount on funded debt	73,642.28	-66,612.00
(223)	Income transferred to other companies (p. 314)	—	—
(224)	Maintenance of organization—Lessor companies	—	—
(225)	Miscellaneous debits (p. 314)	1,811.48	-2,304.95
(229)	Delayed income debits (p. 316)	—	—
	Total Deductions from Gross Income	$ 501,352.70	$-164,790.06
	IV. Disposition of Net Income		
(226)	Income applied to sinking and other reserve funds	$ —	$ —
(227)	Income appropriated for investment in physical property	—	—
(228)	Miscellaneous appropriations of income	—	—
	Balance of Income Transferred to Earned Surplus	$ -93,416.59	$-1,059,270.33

2000

BUDGET BUREAU
No. 60-R052
Approval expires January
31, 1945

MOTOR CARRIER
ANNUAL REPORT FORM A
(Class I Motor Carriers of
Property or Passengers)
[ORIGINAL]

Interstate
Commerce Commission
Received
May 1 1944
SECTION OF ACCOUNTS

Passenger [LOCAL]

ANNUAL REPORT
OF
ALEXANDRIA, BARCROFT AND WASHINGTON TRANSIT COMPANY
doing business as A. B. & W. TRANSIT COMPANY

I. C. C. Docket No. 1800

TO THE
INTERSTATE COMMERCE COMMISSION
FOR THE
YEAR ENDED DECEMBER 31, 1943

2001

I. C. C. DOCKET No. 1800

SCHEDULE 2995. CONTINGENT LIABILITIES

Show the requested information with respect to contingent liabilities at the close of the year.

Line No.	*Description* (a)	*Amount* (b)
11	Total	None

SCHEDULE 2998.—INCOME STATEMENT

State the Income Statement of the respondent for the year in accordance with the instructions prescribed in the Uniform System of Accounts for Class I Motor Carriers.

Line No.		*Item* (a)	*Amount* (b)
1		I. CARRIER OPERATING INCOME	
2		*Revenues:*	
3	(3000)	Operating revenues (p. 51)	$3,076,635.
4		*Expenses:*	
5	(4000)	Operation and maintenance expenses (pp. 52-55)	1,536,322.
6	(5000)	Depreciation expense (p. 56)	172,724.
7	(5100)	Amortization chargeable to operations (p. 56)	3,059.
8	(5200)	Operating taxes and licenses (p. 57)	222,406.
9	(5300)	Operating rents—Net (p. 58)	8,891.
10		Total Expenses	1,943,402.
11		Net Operating Revenue	1,133,233.
12	(5400)	Rent for lease of carrier property—Debit (p. 58)	
13	(5500)	Income from lease of carrier property—Credit (p. 59)	
14		Net Carrier Operating Income	1,133,233.

Line No.		Item (a)	Amount (b)
15		II. Other Income	
16	(6000)	Net income from noncarrier operations (p. 60) ..... Loss	2,677.*
17	(6100)	Net income from nonoperating property (p. 60)	585.
18	(6200)	Interest income (p. 61)	814.
19	(6300)	Dividend income (p. 61)	None
20	(6400)	Income from sinking and other funds (p. 35, col. L)	None
21	(6500)	Other nonoperating income (p. 61)	25.
22		Total Other Income ..... Loss	1,253.*
23		Gross Income	1,131,980.
24		III. Income Deductions	
25	(7000)	Interest on long-term obligations (p. 62)	3,328.
26	(7100)	Other interest deductions (p. 62)	
27	(7200)	Taxes assumed on interest (p. 62)	
28	(7300)	Amortization of debt discount and expense (p. 36, col. H)	
29	(7400)	Amortization of premium on debt—Credit (p. 43, col. H)	
30	(7500)	Other deductions (p. 63)	6,405.
31		Total Income Deductions	9,733.
32		Net Income Before Income Taxes	1,122,247.
33	(8000)	Provision for income taxes (p. 63)	823,576.
34		Net Income (or Loss) Transferred to Earned Surplus or Proprietorship Accounts	298,671.

2002 [Local]

Budget Bureau
No. 60-R-052.1
Approval expires July
31, 1945

Motor Carrier
Annual Report Form A
(Class I Motor Carriers of
Property or Passengers)
[Original]

Interstate
Commerce Commission
Received
Mar 31 1945
Section of Account
Passenger

Annual Report

of

Alexandria, Barcroft and Washington Transit Company

doing business as A. B. & W. Transit Company

I. C. C. Docket No. 1800

to the

Interstate Commerce Commission

for the

Year Ended December 31, 1944

2003

I. C. C. Docket No. 1800

SCHEDULE 2995. CONTINGENT LIABILITIES

Show the requested information with respect to contingent liabilities at the close of the year.

Line No.	Description (a)	Amount (b)
1	None	$
11	Total	None

SCHEDULE 2998.—INCOME STATEMENT

State the Income Statement of the respondent for the year in accordance with the instructions prescribed in the Uniform System of Accounts for Class I Motor Carriers.

Line No.		Item (a)	Amount (b)
1		I. CARRIER OPERATING INCOME	$
2		*Revenues:*	
3	(3000)	Operating revenues (p. 51)	3,256,369.
4		*Expenses:*	
5	(4000)	Operation and maintenance expenses (pp. 52-55)	1,784,570.
6	(5000)	Depreciation expense (p. 56)	164,123.
7	(5100)	Amortization chargeable to operations (p. 56)	5,560.
8	(5200)	Operating taxes and licenses (p. 57)	258,595.
9	(5300)	Operating rents—Net (p. 58)	9,461.
10		Total Expenses	2,222,309.
11		Net Operating Revenue	1,034,060.
12	(5400)	Rent for lease of carrier property—Debit (p. 58)	None
13	(5500)	Income from lease of carrier property—Credit (p. 59)	None
14		Net Carrier Operating Income	1,034,060.
15		II. OTHER INCOME	
16	(6000)	Net income from noncarrier operations (p. 60) Loss	1,121.—
17	(6100)	Net income from non-operating property (p. 60)	None
18	(6200)	Interest income (p. 61)	3,061.
19	(6300)	Dividend income (p. 61)	None
20	(6400)	Income from sinking and other funds (p. 35, col. L)	None
21	(6500)	Other nonoperating income (p. 61)	None
22		Total Other Income	1,940.
23		Gross Income	1,036,000.

Line No		Item (a)	Amount (b)
24		III. Income Deductions	
25	(7000)	Interest on long-term obligations (p. 62)	274.
26	(7100)	Other interest deductions (p. 62)	7.
27	(7200)	Taxes assumed on interest (p. 62)	None
28	(7300)	Amortization of debt discount and expense (p. 36, col. H)	None
29	(7400)	Amortization of premium on debt—Credit (p. 43, col. H)	None
30	(7500)	Other deductions (p. 63)	9,337.
31		Total Income Deductions	9,618.
32		Net Income Before Income Taxes	1,026,382.
33	(8000)	Provision for income taxes (p. 63)	763,283.
34		Net Income (or Loss) Transferred to Earned Surplus or Proprietorship Accounts	263,099.

2004 [Local]

Budget Bureau
No. 60-R-5052.2
Approval expires August
31, 1946

Motor Carrier
Annual Report Form A
(Class I Motor Carriers of
Property or Passengers)
[Original]

Interstate
Commerce Commission
Received
Apr 1, 1946
Section of Account

Passenger

Annual Report
of
Alexandria, Barcroft and Washington Transit Company
doing business as A. B. & W. Transit Company

I. C. C. Docket No. 1800

to the
Interstate Commerce Commission
for the
Year Ended December 31, 1945

2005

I. C. C. Docket No. 1800

Schedule 2995. Contingent Liabilities

Show the requested information with respect to contingent liabilities at the close of the year.

Line No.	Description (a)	Amount (b)
		$
1	None	

Schedule 2998.—Income Statement

State the Income Statement of the respondent for the year in accordance with the instructions prescribed in the Uniform System of Accounts for Class I Motor Carriers.

Line No.		Item (a)	Amount (b)
			$
1		I. Carrier Operating Income	
2		*Revenues:*	
3	(3000)	Operating revenues (p. 51)	3,227,608.
4		*Expenses:*	
5	(4000)	Operation and maintenance expenses (pp. 52-55)	1,932,905.
6	(5000)	Depreciation expense (p. 56)	175,528.
7	(5100)	Amortization chargeable to operations (p. 56)	5,713.
8	(5200)	Operating taxes and licenses (p. 57)	249,352.
9	(5300)	Operating rents—Net (p. 58)	6,269.
10		Total Expenses	2,369,767.
11		Net Operating Revenue	857,841.
12	(5400)	Rent for lease of carrier property—Debit (p. 58)	None
13	(5500)	Income from lease of carrier property—Credit (p. 59)	None
14		Net Carrier Operating Income	857,841.
15		II. Other Income	
16	(6000)	Net income from noncarrier operations (p. 60)	Loss 230.—
17	(6100)	Net income from nonoperating property (p. 60)	None
18	(6200)	Interest income (p. 61)	5,225.
19	(6300)	Dividend income (p. 61)	None
20	(6400)	Income from sinking and other funds (p. 35, col. L)	None
21	(6500)	Other nonoperating income (p. 61)	None
22		Total Other Income	4,995.
23		Gross Income	862,836.

Line No.		Item (a)	Amount (b)
24		III. Income Deductions	
25	(7000)	Interest on long-term obligations (p. 62)	54.
26	(7100)	Other interest deductions (p. 62)	
27	(7200)	Taxes assumed on interest (p. 62)	
28	(7300)	Amortization of debt discount and expense (p. 36, col. H)	
29	(7400)	Amortization of premium on debt—Credit (p. 43, col. H)	
30	(7500)	Other deductions (p. 63)	7,026.
31		Total Income Deductions	7,080.
32		Net Income Before Income Taxes	855,756.
33	(8000)	Provision for income taxes (p. 63)	635,729.
34		Net Income (or Loss) Transferred to Earned Surplus or Proprietorship Accounts	220,027.

2006 [Local]

Budget Bureau
No. 60-R052.3
Approval expires August
31, 1947

Motor Carrier
Annual Report Form A
(Class I Motor Carriers of
Property or Passengers)

[Original]

Interstate
Commerce Commission
Received
Apr 1 1947
Section of Account

Passenger

Annual Report

of

Alexandria, Barcroft and Washington Transit Company
doing business as A. B. & W. Transit Company

I. C. C. Docket No. 1800

to the

Interstate Commerce Commission

for the

Year Ended December 31, 1946

2007

I. C. C. Docket No. 1800

SCHEDULE 2995. CONTINGENT LIABILITIES

Show the requested information with respect to contingent liabilities at the close of the year.

Line No.	Description (a)	Amount (b)
		$
1	None	

SCHEDULE 2998.—INCOME STATEMENT

State the Income Statement of the respondent for the year in accordance with the instructions prescribed in the Uniform System of Accounts for Class I Motor Carriers.

Line No.		Item (a)	Amount (b)
			$
1		I. CARRIER OPERATING INCOME	
2		*Revenues:*	
3	(3000)	Operating revenues (p. 51)	3,177,116 V
4		*Expenses:*	
5	(4000)	Operation and maintenance expenses (pp. 52-55)	2,219,073. V
6	(5000)	Depreciation expense (p. 56)	176,590. V
7	(5100)	Amortization chargeable to operations (p. 56)	1,807.
8	(5200)	Operating taxes and licenses (p. 57)	268,876. V
9	(5300)	Operating rents—Net (p. 58)	6,325.
10		Total Expenses	2,672,671.
11		Net Operating Revenue	504,445.
12	(5400)	Rent for lease of carrier property—Debit (p. 58)	None
13	(5500)	Income from lease of carrier property—Credit (p. 59)	None
14		Net Carrier Operating Income	504,445.
15		II. OTHER INCOME	
16	(6000)	Net income from noncarrier operations (p. 60)	None
17	(6100)	Net income from nonoperating property (p. 60)	None
18	(6200)	Interest income (p. 61)	4,209.
19	(6300)	Dividend income (p. 61)	None
20	(6400)	Income from sinking and other funds (p. 35, col. L)	None
21	(6500)	Other nonoperating income (p. 61)	None
22		Total Other Income	4,209.
23		Gross Income	508,654.

Line No.		Item (a)	Amount (b)
24		III. Income Deductions	
25	(7000)	Interest on long-term obligations (p. 62)	2,420.
26	(7100)	Other interest deductions (p. 62)	None
27	(7200)	Taxes assumed on interest (p. 62)	None
28	(7300)	Amortization of debt discount and expense (p. 36, col. H)	None
29	(7400)	Amortization of premium on debt—Credit (p. 43, col. H)	None
30	(7500)	Other deductions (p. 63)	6,870.
31		Total Income Deductions	9,290.
32		Net Income Before Income Taxes	499,364.
33	(8000)	Provision for income taxes (p. 63)	201,358 V
34		Net Income (or Loss) Transferred to Earned Surplus or Proprietorship Accounts	298,006.

2008 5048 [Local]

Budget Bureau
No. 60-R052.4
Approval expires December
31, 1948

Motor Carrier
Annual Report Form A
(Class I Motor Carriers of
Property or Passengers)
[Original]

Received
Mar 31 1948
Section of Accounts

Passenger
Annual Report
of
Alexandria, Barcroft and Washington Transit Company
doing business as A. B. & W. Transit Company
I. C. C. Docket No. 1800
to the
Interstate Commerce Commission
for the
Year Ended December 31, 1947

2009

I. C. C. Docket No. 1800

Schedule 2995.—Contingent Liabilities

Show the requested information with respect to contingent liabilities at the close of the year.

Line No.	Description (a)	Amount (b)
		$
1	None	

Schedule 2998.—Income Statement

State the Income Statement of the respondent for the year in accordance with the instructions prescribed in the Uniform System of Accounts for Class I Motor Carriers.

Line No.		Item (a)	Amount (b)
31		I. Carrier Operating Income	$
32		*Revenues:*	
33	(3000)	Operating revenues (p. 51)	2,729,669.
34		*Expenses:*	
35	(4000)	Operation and maintenance expenses (pp. 52-55)	2,224,961.
36	(5000)	Depreciation expense (p. 56)	230,312.
37	(5100)	Amortization chargeable to operations (p. 56)	2,029.
38	(5200)	Operating taxes and licenses (p. 57)	263,035.
39	(5300)	Operating rents—Net (p. 58)	24,100.
40		Total Expenses	2,744,437.
41		Net Operating Deficit	14,768.
42	(5400)	Rent for lease of carrier property—Debit (p. 58)	None
43	(5500)	Income from lease of carrier property—Credit (p. 59)	None
44		Net Carrier Operating Deficit	14,768.
45		II. Other Income	
46	(6000)	Net income from noncarrier operations (p. 60)	None
47	(6100)	Net income from nonoperating property (p. 60)	None
48	(6200)	Interest income (p. 61)	2,166.
49	(6300)	Dividend income (p. 61)	None
50	(6400)	Income from sinking and other funds (p. 35, col. L)	None
51	(6500)	Other nonoperating income (p. 61)	None
52		Total Other Income	2,166.
53		Gross Deficit	12,602.
54		III. Income Deductions	
55	(7000)	Interest on long-term obligations (p. 62)	714.
56	(7100)	Other interest deductions (p. 62)	15,276.
57	(7200)	Taxes assumed on interest (p. 62)	None
58	(7300)	Amortization of debt discount and expense (p. 36, col. H)	8.
59	(7400)	Amortization of premium on debt—Credit (p. 43, col. H)	None
60	(7500)	Other deductions (p. 63)	3,319.
61		Total Income Deductions	19,317.
62		Net Income Before Income Deficit	31,919.
63	(8000)	Provision for income taxes (p. 63)	None
64		Net Income (or Loss) Transferred to Earned Surplus or Proprietorship Loss	31,919.

2010 Secretary's Certificate to following transcript omitted in printing.

2012 Before the Interstate Commerce Commission

PASSENGER FARES, DISTRICT OF COLUMBIA, NEARBY VIRGINIA. Docket No. 28991

Reporter's Transcript of Oral Argument

Room B,
Interstate Commerce Commission Bldg.,
Washington, D. C.

Tuesday, June 1, 1948.

The above-entitled matter came on for oral argument before the Commission at 10:00 o'clock a. m., pursuant to notice.

PRESENT: Chairman Lee, Commissioners Aitchison, Mahaffie, Miller, Splawn, Rogers, Alldredge, Patterson, Barnard and Mitchell.

Appearances:

S. HARRISON KAHN, 540 Investment Bldg., Washington, D. C., appearing for A. B. & W Transit Co., Respondent.

J. NINIAN BEALL, Investment Bldg., Washington, D. C., appearing for Virginia & Maryland Coach Co.

DARYAL A. MYSE, 822 Connecticut Ave., N. W., Washington, D. C., appearing for Capital Transit Co.

LLOYD B. HARRISON, District Bldg., Washington, D. C., appearing for Public Utilities Commission of the District of Columbia.

2013 JOHN O'DEA, District Bldg., Washington, D. C., appearing as People's Counsel, Public Utilities Commission, District of Columbia.

F. W. DENNISTON, Pentagon Bldg., Office of the Judge Advocate General, appearing for Departments of the Army and the Air Force

2015 PROCEEDINGS.

Chairman LEE: The Commission will now hear argument in No. 28991, Passenger Fares, District of Columbia and Nearby Virginia.

Mr. KAHN.

Oral Argument of S. Harrison Kahn

Mr. KAHN: If the Commission pleases, this proceeding is commonly known as the Pentagon Fare Case. It was originally an investigation by the Commission regarding the lawfulness and reasonableness of passenger fare between the District of Columbia and the so-called Government Installations in the State of Virginia, and for the purposes of this record, the Government Installations are known as the Pentagon Building, the Navy Annex and a portion of the Washington National Airport.

The investigation by the Commission was instituted in July of 1943 during the second or third year of World War II. Certain complaints were made by the then Secretaries of War and Navy into the reasonableness of fares between the District of Columbia and the Pentagon, Navy Annex and the Washington National Airport, and the Commission instituted an investigation to determine the reasonableness of the fares.

At that time there were four passenger carriers by motor vehicle operating between the District of Columbia
2016 and to points and places in Virginia at which the so-called Government installations were located. They were, namely:

The A. B. & W. Transit Co., referred to in the earlier reports as the Alexandria Line, which I represent in this proceeding;

The Capital Transit Co., the local traction company within the District of Columbia;

The Washington, Virginia and Maryland Coach Co., and

The Arlington & Fairfax Motor Transportation Co.

Extensive hearings were held and finally in 1945, after further hearing and after litigation in the courts, the Commission's order became effective and three levels of fares were authorized between the District of Columbia and points and places in Virginia here involved.

They were, namely:

A straight fare of 10 cents, which was the fare charged and collected by the A. B. & W. Transit Co. prior to the institution of this investigation.

In fact, the A. B. & W. Transit Co. has been serving this portion of Virginia since its inception, and this was just an additional building or buildings on the regular routes. The fare at that time had been 10 cents and the Commission authorized a straight 10 cent cash fare.

In addition, the Commission authorized the collection of a so-called strip ticket fare valued at 8⅓ cents per
2017 ticket and sold at three tickets for a quarter. This was a new fare and, in addition, the Commission authorized the collecting and charging of a so-called joint fare between the facilities of the Capital Transit Co. and the A. B. & W. Transit Co. and the other Virginia lines then serving the Government installations.

The joint fare was a 12-ticket ride or 12 rides for $1.60. It provided for a fare of 13⅓ cents and it provided that 12 tickets would have to be sold at one time.

There was no finding at that particular time as to the divisions that were to go to the Virginia companies and the Capital Transit Co. That was left for determination by the respective companies.

All of this transpired, if the Commission pleases, during World War II, when the United States, as well as other countries, were involved in what we all know as a very large world conflict.

In 1947, the Capital Transit Co. filed a notice of revocation of their concurrence in a tariff published by the A. B. & W. Transit Co., seeking to discontinue their participation in a joint fare between the District of Columbia and points and places here involved in Virginia. That matter was before the Commission in the case known as Cancellation of Joint Fares, District of Columbia and Nearby Virginia, 47 MCC-205. The Commission rejected the
2018 notice of revocation and the tariffs are now still effective.

Thereafter, the Capital Transit Co. filed an action in the United States District Court for the District of Columbia, in which they are seeking to contest the Commission's order in that particular proceeding, as well as the legality of the joint fare now here in issue.

Likewise, on June 17, 1947, the Capital Transit Co. advised the A. B. & W. Transit Co. that pursuant to an order by the Public Utilities Commission for the District of Columbia, they were required to collect 10 cents of the 13⅓ cents joint fare, that according to the order, which I do not attempt to interpret here, it was alleged that there was discrimination between various patrons of the Capital Transit Co. within the District of Columbia, and that the Capital Transit Co. was required to collect 10 cents for each passenger transported within the District of Columbia.

That, of course, if the Commission pleases, presented a very difficult problem for the A. B. & W. Transit Co. The joint fare was 13⅓ cents and if the Capital Transit Co.—and they are now billing A. B. & W. Transit Co. for the full 0 cents—were to pay 10 Cents to Capital Transit Co., it was economically impossible to operate between the District of Columbia and the points in Virginia for 3⅓ cents.

2019 Consequently, A. B. & W., along with the Washington, Virginia & Maryland Coach Co., which in the interim had acquired the Arlington & Fairfax Motor Transportation Co., filed separate petitions to this Commission, asking that this proceeding be reopened, reconsidered, and that these two results be granted:

Firstly, that the former 10-cent fare, published and collected by the A. B. & W. Transit Co., be reestablished for all passengers travelling between the District of Columbia and points and places in Virginia; that there is no difference, if the Commission pleases, between the facilities and services afforded the passenger who rides on a joint fare ticket, the passenger who rides on an 8½ cent ticket, or the passenger who rides on a 10 cent straight cash fare. They use the same busses; they use the same facilities, the same schedules, and in our opinion there was discrimination between our various patrons, so that some would ride at 7½ cents; some would ride at 8⅓ and some would ride at 10 cents.

Commr. SPLAWN: They would ride from where to where on those three fares?

Mr. KAHN: They would ride, if the Commissioner pleases, between the Washington terminal, in most instances, of the A. B. & W. Transit Co., located at 12th and Pennsylvania Avenue, to the Pentagon Building or

2020 the Washington National Airport or the Navy Annex and that if a person boarded the bus at 12th and Pennsylvania Avenue if he were a joint-line ticket holder, he would then pay the company through the division of fares 7½ cents. If he held a strip ticket, he would pay the company 8—

Chairman LEE: What company?

Mr. KAHN: A. B. & W. Transit Co.

If he held a strip ticket, he would pay 8⅓ cents and if he wanted to pay the cash fare he would pay the 10 cent straight cash fare.

Commr. SPLAWN: That is if he got on the A. B. & W. bus and just paid cash for that one ride, originating at 12th and Pennsylvania, he would pay 10 cents?

Mr. KAHN: That is correct, sir.

Commr. SPLAWN: But if he had had a ride up to there or had one of these combination arrangements it was different?

Mr. KAHN: That is correct, sir. The through ticket and the Capital Transit Co. and the A. B. & W. Transit Co., subsequent to the original order in this proceeding, agreed among themselves as to the division and the division at that time was agreed at 7½ cents to A. B. & W. and 5.83 to the Capital Transit Co.

Commr. SPLAWN: Wherein lies the injustice?

Mr. KAHN: We feel, if the Commissioner pleases, that the services and facilities of the A. B. & W. Transit
2021 Co., that is, the operation from 12th & Pennsylvania Avenue to the Pentagon Building, requires, because the operation is an entity, a single entity, requires that the same fare be charged to all passengers who ride over that particular facility and we feel that the 10-cent passenger in a sense is subsidizing the transportation afforded the passenger who rides at 7½ cents or the passenger who rides at 5⅓ cents.

Commr. ALLDREDGE: You would not consider the value of the service then to the customer?

Mr. KAHN: If the Commissioner pleases, we feel there are no differences between the services afforded any passenger that uses the facilities of the A. B. & W. Transit Co. They are the same busses. They leave from the same terminal, they leave on regularly established schedules without any reference to coordination with the Capital Transit Co.

Commr. ALLDREDGE: Yes, I understood that. I am thinking there about the motor carrier. How about the traveller; are you going to think about his interests in making fares?

Mr. KAHN: We believe, sir, that we will develop in the argument subsequently that the comparison of the fares between the District of Columbia from 12th and Pennsylvania Avenue to other points and places in Virginia served
by the A. B. & W. Transit Co. are applicable and
2022 equal to the return per mile that is contemplated by the reestablishment of the 10 cent straight cash fare.

Commr. ALLDREDGE: Are not there joint services involved here?

Mr. KAHN: We don't believe that joint services are involved.

Commr. ALLDREDGE: You made that argument before the Supreme Court, and they did not agree with you.

Mr. KAHN: We do not feel, if the Commissioner pleases, that the facts as they now exist today were the facts that existed when this case was originally presented to the Supreme Court.

Commr. ALLDREDGE: Anyway, whether you called it joint or not, many of these passengers have to use two lines at least, don't they, to make their complete journey?

Mr. KAHN: That is correct, Mr. Commissioner, and it is also true that many hundreds of thousands of people, who work in the District of Columbia, also are required today, and not only limited to the District of Columbia but the New York-New Jersey area or the Chicago-Northern Indiana area—there is a considerable amount of commuter traffic where the person alighting from a common carrier by motor vehicle will board a local traction company vehicle, whether it be street car or bus, to proceed to the actual place that he works, but in this particular
2023 the Commission has gone out and stated that because of the War Department and the Navy Department interest in this particular proceeding, a joint fare or a joint route between the local traction company and the A. B. & W. Transit Co. and the Washington-Virginia-Maryland Coach Co. actually exists.

We do not believe that that was the intent in the Act, to regulate that type of transportation.

Commr. ALLDREDGE: Are you going to reargue something that has already been settled by the Supreme Court?

Mr. KAHN: If it pleases the Commissioner, we do not believe, and I will refer to the decision of the Court in just a few moments, and state why we believe that the situation has substantially changed.

As a result of our petition or the petitions of the Washington-Virginia-Maryland Coach Co. and the A. B. & W. Transit Co., this proceeding was reopened for further hearing and reconsideration.

Extensive hearings commencing in November of 1947 were had and they were concluded on January 5th, I believe, of 1948.

At the further hearing, and I speak about the A. B. & W. Transit Co., they showed the following indisputable facts:

They were operating at a loss.

There had been substantial increases in cost of operation and in their overall picture of 58.2 per cent
2024 between 1943, the time of the original investigation, and the time of the further hearing.

Inversely, there had been a decrease in passenger revenue of 16.3 per cent.

The Examiner, in his report, admitted that the A. B. & W. Transit Co. was losing money, but he made no effort in our opinion to determine whether or not the A. B. & W. Transit Co. was entitled to receive any additional moneys through its so-called Pentagon operation.

The Examiner referred to another proceeding now before the Commission, in which all other interstate fares of the A. B. & W. Transit Co. are before the Commission, and that is in I. & S. Docket No. M-2822, which has just been concluded before the Examiner.

The Examiner in his report stated:

"The question of the lawfulness of increases in respondent's interstate fares, other than those here in issue, are before the Commission in that particular docket."

The A. B. & W. Transit Co., in general, operates between Alexandria and Washington, D. C. If the Commission pleases, that is not a very great distance. Some complaint or some criticism has been made that we have not broken down our costs in operation to the Pentagon Building or to the Washington National Airport or to the other government installations that are involved here. That, gentlemen, is impossible.

2025 The bus operates from the District of Columbia to the Pentagon Building. It continues its journey in most instances to other points and places in Virginia. The Pentagon Building is an intermediate point in many cases on other regular routes of the company.

The same is equally true of the Washington National Airport and the Navy Annex, but it is also true, if the Commission pleases, that during the so-called rush hour—and this is the point that we would like to emphasize for the Commission's consideration—that during the rush hour, the A. B. & W. Transit Co., as well as the Washington, Virginia and Maryland Coach Co., have to allocate exclusively to the Pentagon Building, to the Navy Building, certain vehicles which are used only during the time in which employees of the Pentagon Building move from the Pentagon into the District of Columbia or in the reverse direction

in the morning. That is, the company has had to invest in additional motor carrier equipment, solely for the purpose, in many instances, of making one trip only. That is, using the bus from the Pentagon Building into the District of Columbia in the afternoon for one trip and from the District of Columbia into the Pentagon Building in the morning in one trip.

Busses today, if the Commission please, cost about $16,000. That is a lot of money to invest for one trip only in each direction during the day but the company
2026 has sought and is seeking and will continue to seek to render the best possible bus transportation between the District of Columbia and points and places in Virginia. We believe the public is willing to pay for that type of service and we believe that by the requests made in this proceeding, that we will secure sufficient revenue, in addition to other matters before the Commission, which will enable us to provide the type of service the public is entitled to receive.

We brought out at the hearing that we needed additional revenue. We showed to the Examiner—it is in this record—that we are operating at a deficit. There has been a constant increase in cost of operation and a constant decrease in revenue. We felt that possibly the restoration of the 10-cent fare in this particular proceeding would provide sufficient revenue to make the operations profitable. We took a sample traffic check; it is Exhibit 112 in the record. We showed that we transported an average of 17,870 passengers between the government installations and the District of Columbia, on an average work day. That is a five-day work week.

Out of that total, 4,285 use the inter-line ticket; that is, the joint arrangement with the Capital Transit Co.;

6,074 use the 8⅓ cent strip ticket; and

7,510 paid the straight 10-cent fare.

2027 So in this proceeding, we ask the Commission to merely eliminate the strip ticket and to eliminate the joint fare ticket but we gave the Commission, or we requested the Commission in the alternative, that in the event the Commission still considered a joint fare was necessary between the District of Columbia and the points in Virginia, that the A. B. & W. Transit Co. should receive 10 cents as its portion of the through fare.

If the 7½ cent fare were increased to 10 cents, the 8⅓ cent fare increased to 10 cents, it would have merely pro-

duced an increase in revenue to the company of $52,000, approximately.

When it became apparent to the A. B. & W. that even with this increase of $52,000, if it were granted, because of increased costs in operation, they filed a new tariff with the Commission. That new tariff makes certain increases to all points and places served by that company throughout Virginia and the fact that the tariff was filed was known to the Examiner because he makes reference to it in his report.

We want to take respectful exception to certain comparisons that he made, therefore, in his report:

For example, on Sheet 11, he uses an average maximum distance of 4.64 to the government installations. There is not any average maximum distance, if the Com-
2028 mission pleases; there is only one place to serve—that is the Pentagon Building.

The A. B. & W. Transit Co. cannot do any intra-district business. There are no residential or commercial developments between the District of Columbia and the Virginia boundary and the Pentagon Building.

Commr. PATTERSON: You only serve one place in the District and that is 12th and Pennsylvania.

Mr. KAHN: That is correct; except we have the right to discharge passengers enroute to the terminal and to pick up passengers on outbound trips at certain intermediate points.

I would like to make this other comment, if the Commissioner pleases: We do have the right to transport passengers between the terminal and the Jefferson Memorial; that is the only point, which is beyond the existing facilities of the Capital Transit, but the traffic there is so infinitesimal that it is not in this proceeding.

Commr. ALLDREDGE: What is your idea, then, of that distance?

Mr. KAHN: The distance, if the Commissioner pleases is—we think it is a misnomer to call it average maximum distance. We think it should be "the distance."

If I may comment at that point, the Examiner, for purposes of comparison, uses a 12½ cent fare. The
2029 company, A. B. & W. Transit Co., does not publish a 12½ cent fare nor does it publish a 17½ cent fare or a 22½ cent fare. The 12½ cent fare is a token which the passenger may purchase at the rate of 8 for $1.00 which is valued at 12½ cents per token and that is a fare to the present 15 cent zone.

Commr. ALLDREDGE: It would be the equivalent of a fare, wouldn't it?

Mr. KAHN: We say if the Examiner uses the minimum fare to the 15 cent zone he should also use reasonably the minimum fare to the Pentagon Building and the minimum fare is not 8⅓ cents. The minimum fare is 7.5.

We also would like to point out, as I have previously mentioned, that the comparison here actually now is inapplicable, in view of the new tariff before the Commission, which increases the fare substantially.

Commr. ALLDREDGE: Have you recomputed those figures shown on Table 11?

Mr. KAHN: Mr. Commissioner, we did not recompute but I have the recomputation based on the other zones that are involved in the other fare case to show the average fare per mile as compared to the Pentagon Building and to the other zones, if the present tariff becomes effective.

Commr. ALLDREDGE: You show that in your brief?

Mr. KAHN: No, sir. That was computed after the
2030 record in this case was closed and it has just been introduced as an exhibit in the other fare case.

Commr. ALLDREDGE: The Examiner was obviously trying to see how your fares spread out in relation to distance.

Mr. KAHN: That is right.

We show, if the Commission pleases, using the distance to the government installations as 4.64, that with a proposed 10-cent cash fare, the fare per mile is 2.15.

Using the average maximum distance to the second zone of the A. B. & W. Transit Co., in which we are now asking the Commission for a straight 15-cent cash fare or a 12½ cent token fare, using the 12½ cent token fare would produce a fare per mile of 2.13 and down through the zones, the mileage being 8.04, the proposed fare being 15 cents not subject to a token would produce a fare of 1.86.

The fourth zone, a mileage of 9.25, a proposed fare of 20 cents produces a fare per mile of 2.16.

Zone 5, mileage 11.08, proposed fare 25 cents, fare per mile 2.25.

Subsequently through Zones 6, 7, 8 and 9, the fare per mile, if our present tariff becomes effective, will produce fares per mile of 2.15; 2.13; 2.38 and 2.56.

If the Commission pleases, the A. B. & W. Transit Co. is also engaged in intrastate operations. It holds appropriate authority from the Virginia State Corporation Commission to do intrastate business over all of its in-

2031 terstate routes within the State of Virginia. In fact, it is the Capital Transit Co. of Alexandria and Arlington County. There is no other traction company over there. They do all of the local business to people living in Virginia, going to and from Alexandria, from their homes, so we feel that the service to the public is a single entity, that is, that we are affording all the transportation to the public living in Virginia.

We do not wish to exclude the Washington, Virginia & Maryland Coach Company. They operate in a different part of the county and over in Roslyn which Mr. Bellville described here but we have found that in addition to the increases needed in this proceeding and increases needed in the investigation now under consideration by the Commission, that we will have to increase our intrastate fares and we are preparing a schedule to file with the Virginia State Corporation Commission, which, if approved, will produce a fare per mile of 3.12 on our first intrastate zone and a fare of 2.22 in our second intrastate zone.

We therefore conclude that if the present Pentagon fare is allowed to exist, it will produce the least amount of fare per mile, less than any other zone in which the company is operating.

Chairman LEE: Do you want to save any time for reply?

Mr. KAHN: Yes, sir, very briefly. About five min-
2032 utes, Mr. Chairman.

Commr. ALLDREDGE: Would you let the record show what your percentage is of intrastate business?

Mr. KAHN: If the Commissioner pleases, the percentage is roughly 25 per cent, and the traffic here involved, the total traffic of A. B. & W. Transit Co. is 15 per cent. That is, the total traffic of A. B. & W. is 15 per cent or to the Pentagon Building and other installations it is 15 per cent of our total traffic.

The total intrastate traffic is 25 per cent of the total.

I would like, if the Commission pleases, to make reference to the Supreme Court decision here which we believe the conditions then before the Court are no longer in existence, namely, at page 4 of the decision, Justice Black says:

"Their regulation was rightfully a matter of concern to the Army and Navy Departments, charged with the serious responsibility of conducting a war. The employees worked in the very center of activities essential to that cause. Congress reserved to the Com-

mission power to regulate reasonableness of interstate rates in the light of the needs of national defense."

We believe, if the Commission pleases, that we are all aware that hostilities have terminated. We would like, also, to point out one additional fact:

2033 At the time this case was considered by the Commission and the Court, the Capital Transit, itself, was operating between the District of Columbia and points and places in Virginia, and we believe that the Court based its decision in great part upon the fact that unless through routes were established between the Capital Transit Company and the other Virginia companies, the Capital Transit Company would be in a more advantageous position, so as to corner all the traffic and thereby, as the Court said, soon be able to drive its competitors out of business.

We also would like to point out, as we have argued before the Commission in the Cancellation of the Tariffs, that there is no coordination in schedules, facilities or services between the Capital Transit Company and A. B. & W. Transit Co.

Commr. ALLDREDGE: Is it a fact that the large traffic does flow back and forth every day over these lines, A. B. & W. and the Transit Co.?

Mr. KAHN: It is true, Commissioner, that we are engaged in very substantial operations. We carry a large number of persons in the State of Virginia who come to the District and then we don't know but we can logically assume that they may be required to take transfers to other points.

Commr. ALLDREDGE: Do you mean to say that your company would not know whether those travellers use the lines of the Transit Company in getting to and from?

2034 Mr. KAHN: The only way we would know, as a matter of fact, is that they present a joint fare ticket. Of course, we cannot deny that our operators would see persons alight from a street car and walk across the street.

Commr. ALLDREDGE: What other evidence would you want?

Mr. KAHN: As I say, if it is the Commission's purpose here to regulate the combination local transit operations with all other interstate carriers serving a particular locality, we believe that that is contrary to the intent of the Act for this particular reason:

Commr. ALLDREDGE: You were making the point that no joint routes were scheduled. I assume that that is what you meant.

Then I was asking you whether or not that travellers actually used this combination route every day.

Mr. KAHN: We know that we at least collect 4,285 interline tickets. How many other people alight from the Capital Transit facilities we would have no idea, sir.

We would like to emphasize this last point, sir, that the Section 203 (8) (b), we do not contend here is applicable to this particular situation, because A. B. & W. Transit Co. does not hold intra-District operations, but it appears to us that the framers of the Motor Carrier Act intended to exempt local transportation such as is herein involved and that while we concede and admit that the Commission
2035 may remove the exemption, if they feel the need exists, we do not believe that such a need now exists that may have existed during the war.

Thank you, sir.

Oral Argument of J. Ninian Beall

Mr. BEALL: There are some factual differences between the Washington, Virginia and Maryland Coach Co. which I represent and the lines that Mr. Kahn has spoken for.

We have had a substantial increase in our fares to practically all points in Virginia, other than the government installations involved in these proceedings.

When the original order was issued in this case, establishing a rate which differed from the rate to the other points in Virginia, within the first zone, there the Commission fixed something in the nature of a differential between the fares to the Pentagon and the fares paid to the other points in the first Virginia zone.

Since that was done, we have increased the fares, after hearings before the Commission to the other points in the first Virginia zone, so the spread now between our fares to the Pentagon Building and those to the other points in the first Virginia zone were very great.

For example, our cash fare in our first Virginia zone is 15 cents but our cash fare to the Pentagon is only 10 cents.

2036 When the Commission entered its order in this case in the first instance, we had a cash fare to all points in the first Virginia zone and in entering the order in this case, the Commission did not disturb that; it left the cash fare to the Pentagon at 10 cents, which was the identical cash fare to other points in Virginia.

So now we have gone from a parity on cash fares to a cash fare to the Pentagon Building of 10 cents and a cash fare of 15 cents for everybody else.

That is the factor of change that has taken place.

Commr. ALLDREDGE: Does the record show where that first Virginia zone begins? Going from Washington out into Virginia, where does it begin?

Mr. BEALL: There are numerous highways and points where the first zone ends and there are exhibits in the record showing the mileage distances and the points where the zone ends, yes, sir.

Commr. ALLDREDGE: Does it begin immediately after the Pentagon?

Mr. BEALL: No, sir, no, sir, not immediately afterwards. The distance in Virginia on an average of the first Virginia zone is about 3½ miles. That is approximately the average.

Commr. ALLDREDGE: It is a known fact that the fare between the District and that first Virginia zone is 15 cents?

2037 Mr. BEALL: Yes.

Commr. ALLDREDGE: Are there any tokens?

Mr. BEALL: Oh, yes. I was illustrating the cash situation. I will come to the tokens, if I may, sir.

I have shown that where the cash was originally 10 cents in each instance, it is now 10 cents to Pentagon but 15 cents to all other points in the first zone.

At the time of the first hearing in this case, we had no token or tickets. It was all cash fares in Virginia.

As to the Pentagon, the Commission established a ticket or token arrangement and for single line service we were required to sell three tickets for 25 cents or 8⅓ cents each. That is still pending, of course.

As to the balance of Virginia, the other parts of the first Virginia zone, by order of the Commission in Docket I & S. 2748, the ticket or token is two for 25 cents or 12½ cents so coming back to our differences in facts, comparing our token or ticket rate to the Pentagon, we have 8⅓ cents compared with 12½ cents for all other riders in the first Virginia zone.

Commr. ALLDREDGE: In that connection, Mr. Beall, you are in competition to and from Pentagon with A. B. & W.?

Mr. BEALL: Yes, sir.

Commr. ALLDREDGE: Could you charge, do you think, a higher fare to and from Pentagon than A. B. & W. would charge?

2038 Mr. BEALL: We do not think so, sir. That was a matter of great concern to us and we are here asking the Commission, what it amounts to, to restore our 10 cent fare.

Answering your question more fully, we are, of course, here dealing with a mass transportation problem, not a point to point fare. It is mass city transportation which is operated on a zone basis which is customary. By reason of the original proceedings here, we have set up an island in a mass transportation zone, the island being the government installations and treated that island especially.

I am not going to reargue the old Pentagon case. I do recall that the war was on then, the war conditions, and the national defense and emergencies may have had some bearing on the fact that the case arose in the first place, and also in its disposition but apart from that the way we have a mass transportation situation; both driving the same points, if we were to have a higher rate we would not get any business at all, A. B. & W. would get it all. We think that the rate should be the same to the Pentagon as it is for the balance of the first Virginia zone, the same as the rate fixed by the Commission in I. & S. 2748. We say that for this reason:

Commr. ALLDREDGE: In that connection, Mr. Beall, would you want that if the A. B. & W. does not charge that much?

Mr. BEALL: No, sir, we would like to have the
2039 A. B. & W. charge it, too; otherwise we can't take it.

Commr. ALLDREDGE: You have A. B. & W. rates out there based on your first Virginia zone; is that right?

Mr. BEALL: That is right. In other words, we have in our zone certain heavy traffic lines that are bound to pay their way. In the suburban area, we have other lines that don't pay their way. Now, if we were going to take a mass transportation system and zone on a fair basis and isolate every island in it, where you can possibly show a profit and then make a special fare there, why then you have departed from and destroyed the whole zone idea.

If a fellow gets on in town and only rides a block, he pays the 10 cents whether he rides a block or not, no matter what the rate per mile. We just cannot see, now that the war is over—let's forget about what happened during the war—that there is any reason for islands of fare differentials in a mass transportation zone.

There are some other differences between our operation and those of the A. B. & W. We do have special operations

to serve the Pentagon. We have shuttle service for the Pentagon and Pentagon only. Busses come there and come back, don't go beyond, so to that extent we have a different situation.

Another difference is this, which is very important to us:

In the last two years the financial resources of the
2040 company have been exhausted. Its capital assets have been wiped out completely through the losses. Today our indebtedness exceeds physical assets by $150,000, so it is not a question of profits to owners. The company has already bogged down.

I don't say that the Pentagon fares did all the beating. I don't say it did all of it. There are those factual differences.

Between our contentions here and some of the reasoning of the Examiner, there is one point that we can consider and get our teeth into for the purpose of measuring the merits of the respective contentions and that is the matter of the rate per passenger mile.

When this case was first heard, the Commission knew the mileage from the Pentagon and in fixing a fare it took that into consideration and arrived at certain results.

The Commission also knew the mileage and the fare on the first Virginia zone and when we took one-half of the distance between the extreme point in Washington and the extreme point in the first Virginia zone and divided that in two, theoretically, you have the average ride per passenger, because we have three miles in Washington that we pick up and discharge passengers and we have three miles in Virginia in which we discharge and pick up passengers, so the average distance on that is about half of the zone distance.

2041 Whether you use the entire zone distance or whether you use half of it, makes a whale of a difference in your showing of payments per passenger mile.

When you come to the Pentagon Building, for example, you have a different problem. You don't have an average point for pick-up or an average distance for discharge; you have a point to point service with the exact mileage.

Commr. PATTERSON: Is your service in the District identical with the A. B. & W.?

Mr. BRAIL: Not identical, no, sir.

Commr. PATTERSON: Do you serve more than one point?

Mr. BRAIL: Yes, sir. We have made some calculations and argued that point in our exceptions. There is no

use for me repeating it here but there is that fundamental difference.

The Examiner in setting up his scale of rates per passenger mile has used the exact distance to the Pentagon or the distance of the government installations and the maximum distance in our first Virginia zone and we suggest that in so doing he has compared unlike matters.

Coming again to our problem, the first question is, what is the matter with it? Why do we lose all of this money? What happened; what changed?

Our revenue is off in 1947, compared with 1943, $322,000 and in the same period—

2042 Commr. SPLAWN: The net is off that much?

Mr. BRAIL: The gross is off that much.

Oh, no, we never have that much net. The expenses have been up about 40 per cent, so two things have happened in the same period of time:

The expenses have gone up and then at the end of the war the traffic went down.

Considering the kind of traffic that went down, this company made some money during the war, but looking back now over what happened and who we hauled and how we hauled them, we made money out of standees, out of packed busses. That is where the profit was. This company never made any money prior to the war.

Commr. MITCHELL: That is what is wrong with the other transportation service here, isn't it? I stand up every morning coming down.

Mr. BRAIL: 75 per cent of the riders on this company are riding on busses that are only about one year old. That is a pretty good showing for the type of facilities.

Commr. MITCHELL: The Capital Transit Company has good busses and they show, according to the newspaper accounts, a loss, and we are standing up.

Mr. BRAIL: I suppose, Mr. Commissioner, where we have rush—

Commr. MITCHELL: They are doing a good job of

2043 operating those busses, are they not?

Mr. BRAIL: I think they do. I assume in mass transportation where we always have the peak service, that there has never been a company yet that could seat all the passengers in the peak rush hour. There never has been a company in this country but we packed them in and it was the excess loading that represented the profit that we showed during those war years and today, when

volume is off, those excess standees that represent a profit, are not there. We are back to earth now for a normal operation. We have to measure the necessary revenue on the basis of a normal operation and not what happened for a flurry of two or three years during a war period. Today we have a pay roll increase, we have had every year, an increase in wages. I am not arguing whether they are justified or whether they are not but from an operating standpoint those are the facts.

Come the 18th of May, there is a new contract. We have just had a new one agreed to this time, another increase over and above all the figures shown in this record.

Gentlemen, you cannot keep on doing that year in and year out, every year from 1943 to 1948, and expect the fares to stay the same.

We are here asking only for really a restoration fare. When I say restoration—I have used that word once or twice—I would take just a moment to touch on that.

2044 I am going back a little bit, in the history of fares from Washington into the first Virginia zone.

When the line was started, the fare was 15 cents cash. There were no tickets, no tokens. That was the only fare between Washington, D. C., and the first Virginia zone.

In 1933, when we were at the bottom of the depression, Congress passed an Act reducing the salaries of government employees 10 per cent, or 15 per cent—such a matter as that. The company then voluntarily, because there was no regulation, reduced the fares from 15 cents cash to 10 cents cash. That was the fare when Federal regulation came into effect in 1935. That was the fare that was in effect when the Pentagon case was first heard and that is the fare that the Commission further cut from 10 cents to the ticket sales, three for 25 cents or 8⅓ cents, so there has been a drastic reduction in fares. Even today the Commission has restored our 15 cents fares to all other points in the first Virginia zone, except the Pentagon. That is still an island, the Pentagon.

Chairman Lee: I did not catch what the first Virginia zone is.

Mr. Beall: It is a zone with a perimeter of approximately 3½ miles from the Potomac River over on the Virginia side. That is roughly it. It crosses a number of routes on different highways but the distance is approximately the same.

Commr. PATTERSON: It takes two zones to get to Alexandria.

Mr. BRALL: We don't go to Alexandria.

Commr. PATTERSON: Well, those that go there.

Commr. SPLAWN: Did you have to put on any extra additional busses to take care of the Pentagon?

Mr. BRALL: Mr. Commissioner, we did, and we have argued the point in our exceptions, argued it on our brief. Our calculations as we make them, reflect an additional fleet of 18 busses to serve the operations that we would not require for our normal operations. In other words, we have a shuttle service from 19th and C to the Pentagon which performs no other service whatever and those are, of course, special busses.

Now, then, there is another section of the operation that we contend they have special busses on. In serving the Pentagon, these busses make something of a detour from the main highway and they go through these clover leaves and into the Pentagon Building and receive and discharge passengers and in doing that, a certain amount of time is consumed.

During a morning rush hour period, that loss of time per bus, making those total stops at the Pentagon, accumulated and required us to put on certain extra busses on that line to get back and get the passengers in, so
2046 between the two situations, we are operating 19 additional busses.

Commr. SPLAWN: What percentage has your traffic increased, as compared with the increase in your capacity to carry, by reason of having these 19 busses?

Mr. BRALL: Our traffic is down to the tune of $322,000 per year. Of course, Mr. Commissioner—

Commr. SPLAWN: Make your comparison now if you can, on the record, with what it was before the war?

Mr. BRALL: Mr. Commissioner, the record does give those figures. I would not undertake to quote them from memory, and the reason for that is this:

That is 1943, when the order was originally issued in this case, what was represented by the Washington-Maryland Coach Company was represented by two companies, the Washington-Virginia Coach Company and the Maryland-Fairfax Company, so you have to add the revenue of the two companies together and then take the combined revenue since they have been consolidated and the record shows all of those figures.

As to the other matters involved here, I think other counsel will touch on them and I do not want to repeat what Mr. Kahn has said, so I thank you.

Chairman LEE: Mr. Myse.

Oral Argument of Daryal A. Myse.

Mr. MYSE: If the Commission please, there are
2047 about two comments I want to make on Mr. Kahn's opening statement, wherein we do not exactly agree with him:

The first is his statement that the joint fare tariffs are now effective. We have brought an action in the District Court of the United States for the District of Columbia, which raises that question. We do not believe that the joint fare tariffs are now effective for that reason.

I might say this: That the Examiner apparently is relying on the fact that we now presently honor the joint fare tickets, to more or less pull himself up by the bootstraps by saying that that proves that the joint fare tariffs are effective. I want to point out to the Commission that if that is so, we would immediately have to discontinue honoring those tickets in order to comply with an order of the Public Utilities Commission of the District of Columbia, which I will touch on later.

Mr. Kahn also adverted to the fact that there was an agreement as to the division of fares between the Virginia companies and the Capital Transit Company. That agreement was made expressly subject to the approval of the Public Utilities Commission of the District of Columbia. That approval was never obtained and by the same order that I just mentioned, the disapproval of the Public Utilities Commission of the District of Columbia was
2048 given to that agreement for the fares in question.

Like the other companies, that is, the Virginia companies, we, too, have had to seek for increases in fares since this case was last heard. The Public Utilities Commission of the District of Columbia authorized certain increases in 1947. Several months later, the company entered into an agreement and under negotiations with the union, was required to increase its labor costs per hour to such an extent that it not only wiped out the increase that the Public Utilities Commission of the District of Columbia granted us but further put us in the red to the point where we were unable to pay the bond interest.

Recently, we have been in the black. Of course, this is not a record but the black is only to the tune of something like $8,000 a month, which certainly does not pay the company to operate its business in the District of Columbia.

Mr. ROGERS: Do you have a petition pending now before the District for an increase?

Mr. MYSE: No, sir, we have not. The company is actively engaged in preparing such a petition for further increases.

I might, also, say that we have had a case up in Maryland recently, in which the Maryland Commission granted us authority to increase our fares in Maryland. However, that increase still leaves us with a deficit in Maryland.

Commr. ALLDREDGE: Are your fares in the District 10 cents?

2049 Mr. MYSE: They are 10 cents cash and passes are $1.50 from one point to another within the District.

With respect to the decision in the last case before the Supreme Court of the United States, we think it is very clear that if you read that decision carefully, the facts relied on by Justice Black are such that they have no application whatsoever today. I might say that what we think is the basic change was the fact that in the prior case Capital Transit actually operated in Virginia by running two lines from down-town Washington to the Pentagon.

For that reason, Justice Black was able to say in his opinion that Capital Transit is one of the four companies transporting passengers to and from the Virginia government agencies. Of course, that is no longer true.

He was also able to say that it affords its own bus and street car passengers but denies to passengers on other Virginia busses, a privilege of transfers to and from some of the Virginia busses, which lowers the total fares between District residences and their Virginia places of work. That is no longer true.

That, I might say, apparently was the basic consideration that he was looking at in deciding that case.

Commr. MITCHELL: Who raised those same questions a year ago? Didn't you go into the court on those cases?

Mr. MYSE: That case is still pending, sir. No
2050 three-judge court has actually been convened in that case. We had hoped that this case would be expedited in some manner so that perhaps that case would never have to be argued but now that the time has gone on,

we may have to take a new look at that other case and press for a three-judge Court.

Commr. ALLDREDGE: Is your company interested in getting an increase in fares over there or getting out from under regulations of this Commission?

Mr. MYSE: We are interested in preserving the powers of the Public Utilities Commission. We think that that Commission is the only Commission who knows our situation in such a manner that they can regulate us from an overall standpoint. Today we operate only in the District of Columbia.

Commr. MITCHELL: You operate in Maryland, too, don't you?

Mr. MYSE: Yes, Mr. Commissioner, but that is not directly involved in this case, because you may recall the joint tickets or the joint fares only were effective for rides from the District to points in Virginia.

The Maryland business was not involved.

Commr. MITCHELL: That is the only way we could hold you under regulation, isn't it, your Maryland operation?

Mr. MYSE: We don't think you could hold us, if you put it that way, even on our Maryland operation,
2051 because these are all operated within the commercial zone, as defined in Section 203 (b) (8).

I might point out that Justice Black also stated in his opinion—and these are all reasons that he gave for sustaining the Commission in that case, and they are no longer true—that:

> "It (referring to Capital Transit Co.) uses street cars and busses as an integrated unit in carrying out the interstate transportation" and that
>
> "It conducts its own traffic to and from Virginia and District residential points as one continuous journey."

That is no longer true.

He also stated that:

> "A Virginia worker can board its local bus or street car, ride to a District terminal of Transit's (he is referring to Capital Transit) Virginia-bound bus, board it and obtain the benefit of a transfer supplied by Transit, and also get the benefit of a transfer on the return journey home from work."

All of these findings are, a result of the cessation of our Virginia operations, no longer true, and we have a new situation today, so I say that the case before the Supreme

Court of the United States is no longer applicable, as of today, forgetting for a moment the Maryland operations, which we do not believe are involved in this case.

2052 Commr. AITCHISON: They certainly make you an interstate commerce.

Mr. MYER: Not as far as the Pentagon is concerned.

Commr. AITCHISON: Yes, but they make you engaged in interstate commerce.

Mr. MYER: That is true, between Maryland and the District.

Commr. AITCHISON: You are a carrier engaged in interstate commerce.

Mr. MYER: That is correct. Nevertheless, so far as the Pentagon fares are concerned, we operate only within the District of Columbia and that is we transfer or transport passengers—

Commr. AITCHISON: A passenger could get on at the Pentagon and go to the end of your line, the District Line and go on to Rockville, couldn't he?

Mr. MYER: No, sir.

Commr. AITCHISON: Since when?

Mr. MYER: A passenger could not get from the Pentagon Building on the joint fare.

Commr. AITCHISON: I was not saying anything about joint fare.

Mr. MYER: Of course, if he transferred to another company or another line, he might go to Rockville, Harrisburg, and he might go to New York.

2053 Commr. AITCHISON: Of course, there was a time when the New York Central was entirely within the State of New York and yet it was an interstate carrier.

Mr. MYER: I think that is correct, as far as railroads are concerned. I would like to point out—

Commr. AITCHISON: So far as a carrier is concerned.

Mr. MYER: So far as Capital Transit is concerned and so far as the Pentagon fares are concerned, we operate only from one point to another within the District of Columbia.

Commr. ALLDREDGE: But the passengers you carry don't travel that way, do they? They may go on.

Mr. MYER: I think that is true. There may be passengers that we carry from their homes to a point in front of the Union Terminal down here, who may go to Baltimore every day of the week. There may be others who may go to New York.

Commr. ALLDREDGE: Yes, but your company knows, doesn't it, that there is a regular, continuous movement of people between points in the District served by your line and government installations across the line in Virginia? It is their daily business to get to and from those places; isn't that true?

Mr. MYER: Certainly, we know that people originated at their homes in the District of Columbia, use our line regularly every day of the week and go to the terminals of other carriers. Some of those people, we know that
2054 there are some 4,000, I believe, as Mr. Beall pointed out, who use the joint fare ticket, some of these people go to Pentagon installations, others transfer to Greyhound Bus Lines and go without the District of Columbia; there are still others who daily use the railroad lines at Union Station. Our point is that our transportation, so far as all of those people are concerned, is no different from any other local transportation that we perform for people who get on our busses at their homes and get off at our downtown terminals.

Commr. ALLDREDGE: That was argued before the Supreme Court in that case that you are talking about?

Mr. MYER: I don't think it was, sir.

Commr. ALLDREDGE: Well, I think so.

Mr. MYER: I was not here at the time. I was away, but I have checked the briefs very carefully.

Commr. ALLDREDGE: There were quite a few points that were argued there.

Mr. MYER: Yes.

Commr. MITCHELL: What is the difference between the Supreme Court case and this one? At the time the Supreme Court case was submitted you were operating over to the Pentagon in Virginia?

Mr. MYER: Exactly.

Mr. MITCHELL: Your contention now is that having eliminated that operation, you don't come under the—
2055 you have joint fares, though, don't you?

Mr. MYER: We don't believe so. Our contention, I think, has boiled down to this: At that time we were actually operating in Virginia and if you read the decision carefully, you will find that that is the basis on which he reversed the lower courts, which I might point out reversed this Commission.

Commr. ALLDREDGE: Don't you assume that we read that decision very carefully?

Mr. MYER: Oh, yes, I assume you have, and that you will continue to read it.

Commr. MILLER: Although you are in interstate commerce, all of your traffic is in the commercial district of Washington, and you would only come under the District of Columbia Commission?

Mr. MYER: No. All of the operations of Capital Transit are conducted within the commercial zone, defined in Section 203 (b) (8).

We also have complete intrastate authority both in the District and in Maryland, so all the conditions of 203 (b) (8) now apply to Capital Transit Co.

Commr. MILLER: I say, for that reason—didn't you say that you would be subject to the jurisdiction of the local Commission?

Mr. MYER: That is correct.

2056 Commr. MILLER: That is the question I asked.

Mr. MYER: Yes.

Commr. PATTERSON: It might be subject to the Joint Board in Maryland and the District of Columbia.

Mr. MYER: I would not think so. If we have complete intrastate authority entirely within the zone, why Section 203 (b) (8) applies, exempting this Commission's jurisdiction, except, of course, in cases where they can find that the national interest requires taking over and assuming jurisdiction over interstate routes. However, the Maryland Commission regulates us in Maryland and in the District the District Commission regulates us in the District, and it covers our complete operations.

All of our fares for people, for example, who travel between points in Maryland and in the District of Columbia, consist entirely of a combination of local fares, that is, the local fares in Maryland, plus the local fare in the District of Columbia, and both Commissions have, in fact, within the last year, regulated both of those fares.

Commr. PATTERSON: They split them all at the District Line?

Mr. MYER: That is right.

Commr. ALLDREDGE: That was approximately the situation in the United States when Congress first took up the Commerce Act.

2057 Mr. MYER: I think that that is true but Congress by Section 203 (b) (8) recognized the special situation of local transit operations and made that exemption.

I might point out that as a result of that cessation of operations in Virginia by Capital Transit, it made quite a

difference in respect to the situation with respect to regulation and that is something that the Examiner in this case apparently has overlooked.

Commr. SPLAWN: Where do you discharge the passengers?

Mr. MYER: On our street terminals and down-town Washington.

Commr. SPLAWN: Not at the District Line?

Mr. MYER: No, sir.

Commr. SPLAWN: How far is it from the District Line to the Pentagon Building?

Mr. MYER: That I don't know. I think the record shows that.

Commr. ALLDREDGE: Are you sure that the record knows where the line is?

Mr. MYER: I think it does now. There was no question raised in the reopened proceeding as to where the line was in view of the action by Congress. It is supposed to be at the high-water mark on the Virginia side.

Commr. ALLDREDGE: It always has been supposed to be.

2058 Mr. MYER: It was defined specifically, but I don't think the question has been raised in this present record.

Commr. SPLAWN: We would have jurisdiction, under your theory, to require you to bring these passengers, these interstate passengers, up to the District Line.

Mr. MYER: I don't think you do. If you have no jurisdiction to regulate rates, you have no jurisdiction over service.

Commr. SPLAWN: So then interstate passengers, this being the Capital of the country and people having to work by the thousands under one roof and the location making them interstate passengers, they are helpless, then, under your theory of the law, so far as service to the District Line or combination of lines beyond, over joint fares and what-not?

Mr. MYER: No, sir. Congress very carefully considered that and passed the Public Utilities Act for the District of Columbia, setting up the Public Utilities Commission, giving them the authority. That is our whole contention in this case, now, that we operate entirely within the District. It is—

Commr. AITCHISON: You don't operate entirely within the District.

Mr. MYER: As far as Pentagon passengers, we do.

Commr. ATTCHISON: You pick out one particular
2059 class of passengers and say that as far as they are concerned, you operate only within the District. How about the other passengers?

Mr. MYER: I think that our passengers that we transport from one point to another within the District, obviously are operating in the District.

Commr. ATTCHISON: How about someone who wants to go from the Naval Hospital to the Pentagon where his boss is?

Mr. MYER: The record does not show that there are any such people but assuming that there is a person—

Commr. ATTCHISON: We are ordinary human beings and we know what is going on.

Mr. MYER: Assuming that there is such a person, that person can get on a Capital Transit line in Maryland and ride to our terminal in Maryland, on Wisconsin Avenue, get on our street-car line and ride down town, get off of that line and perhaps pick up a Virginia bus going to the Pentagon.

Commr. ATTCHISON: That is interstate, isn't it?

Mr. MYER: It could be under one circumstance but I think what is interstate commerce today is something that we have to revise our views on. I might point out that up until a few years back, at least, it was commonly accepted that anything that crossed a State Line was something that the States could not touch in regulation. I think
2060 it is clear from the recent decisions of the Court that just is not so any more. I refer to the Panhandle Eastern case.

Commr. ATTCHISON: May I refer also to the case of the gentlemen who was pressing pants down in Richmond and is held to be interstate commerce?

Mr. MYER: On that question, the Examiner referred to the Yellow Cab case. I think that that case is an excellent case for drawing a distinction between regulation of interstate commerce and a regulation of intrastate commerce. In that case the cab company, Parmelee Transfer, as I recall it, of Chicago, was operating between railroad terminals in the City of Chicago. They argued that they were in intrastate commerce but the Court said, "No, you are engaged in a stream of interstate commerce and so you are operating in interstate commerce. But in the very same case, the same companies were transporting people from their homes to the down town terminals of those very same

railroads. Obviously, they intended to extend their journey outside of the State of Illinois. The Court in that case says that that is local transportation, as distinct from interstate commerce.

It is the latter kind of a case that we think we get into here in the District of Columbia. We transport these people to the terminals in down-town Washington and it is true that some of them get on the Virginia lines and continue their journey in what might be called interstate commerce.

2061 In some of the old cases, you would say that the States have no power to regulate that, but that is not true under the laws that exist today.

The Public Utilities Commission, if you consider it to be a Commission of a State, with all the restrictions on State regulation of interstate commerce, would have the authority to regulate that kind of thing.

Commr. ALLDREDGE: Let me ask you something there: Suppose we concede that in some instances. Do you mean to say that they can make a through fare?

Mr. MYER: The Public Utilities Commission?

Commr. ALLDREDGE: Yes, between the District and points in Virginia?

Mr. MYER: Well, they have done so, sir. I don't know whether it is right or not.

Commr. ALLDREDGE: If they can do it, then Virginia could exercise similar authority, couldn't they?

Mr. MYER: I think that is probably right.

Commr. ALLDREDGE: If you disagree, whose judgment is going to govern?

Mr. MYER: If they disagreed, I think Congress would have to set up a Commission to take care of it.

Commr. ALLDREDGE: They would either have to agree every time or one of them would have to yield to the other; isn't that a fact?

2062 Mr. MYER: I think that is right and that is exactly the situation that existed in the Port Richmond case, which is cited in our brief, where the State of New Jersey was regulating local transit rates over a ferry between the State of New Jersey and New York and the State of New York was also regulating the rates. You had exactly the same situation. The Court held that nevertheless the States could regulate such rates, even though they are admittedly in interstate commerce and the difference is not in the fact that you go across the State Line but it is the

difference between local transportation problems which the Court historically has said are susceptible to local regulation and on the other side of the picture, railroad regulation, which the Court has historically said must be regulated by this body or some comparable body, which has the authority to regulate interstate aspects which are national in character.

I see my time is about up and I want to say one thing:

Chairman LEE: Your time has expired.

Mr. Harrison.

Oral Argument of Lloyd B. Harrison

Mr. HARRISON: May it please the Commission, I am speaking for the Public Utilities Commission of the District of Columbia and that Commission is interested in only one question and that is a jurisdictional question as it relates to Capital Transit Company. The Public Utilities
2063 Commission is not interested in any jurisdictional question relating to the other respondents nor is it interested in any of the factual operating situations involved as they relate to the other respondents.

The District Commission starts off with the premise that this Commission did have jurisdiction. It has been recognized by the Court, in the original case which we shall refer to as the Pentagon case.

But this Commission also recognized that when this case was reopened that it could not or would not be willing to rest a decision upon the question now confronting it, upon a record made at the time of the original Pentagon case because this Commission reopened this record and it is a record on further hearing.

I assume, therefore, that this Commission will determine the question before it upon the record on further hearing.

We must approach this problem with view that the Public Utilities Commission does not have any desire to invade any other jurisdiction nor to deny any regulatory body a jurisdiction that it has, but we must recognize that within a dual form of government that exists between the Federal authorities and the State authorities, there are certain instances when there is an overlapping of what appears to be jurisdiction or what might give rise to apparent conflict.

When we have those apparent conflicts, it is the duty
2064 and I know it is the purpose of this Commission as well as the Commission for which I speak to resolve those apparent conflicts in the interest of harmony and to see that the two forms of government, even where they

overlap, are so enmeshed and geared that there shall be no conflict.

The Supreme Court has spoken several times on that question of the dual form of government, where one jurisdiction recognizes that of another. It is not necessary—I did not point out in my brief any of the points—but it is not necessary to point out to this Commission those cases where the Courts have so held.

When we come to the motion in this further proceeding, made by the Public Utilities Commission, I would like to refer to the statement in the proposed report—and we respectfully submit that the Examiner has by inadvertence overlooked one of the principal features and purposes of the motion made by the Public Utilities Commission.

On sheet 3 of the mimeographed proposed report, the Examiner states that at the outset of the further hearing counsel for the Public Utilities Commission of the District of Columbia presented a motion seeking discontinuance of this proceeding on the grounds that (1) the original order of investigation was beyond our authority (meaning this Commission) and that the Transit Company now performs no transportation service in Virginia and its charge
2065 for service is subject to the District Commission.

That is only part of the motion made by the Public Utilities Commission, before this body, to show that the Public Utilities Commission made a motion in two parts, or in the alternative. It moved that—and with the Commission's permission I should like to read the motion at this time—at the time of the hearing we simply filed a motion and I made a short statement before the Examiner of the purpose, without arguing at that time. We merely made the motion to the Examiner.

The District Commission appeared specially to move that this Commission vacate its basic order in this docket and dismiss the instant proceeding for lack of jurisdiction or, in the alternative—and by stating "the alternative" we do not mean to place one ahead of the other because we think that this is probably a better ground—that the said Commission amend its order of the 22nd day of June, 1945, in Docket 28991 so as to remove from the operation and effect of said order the Capital Transit Company.

Now, the grounds are these:

That the subject matter of the basic order of this investigation, to the extent that it applies to the transportation of the Capital Transit Company within the District of

Columbia, is beyond the power and jurisdiction of the Interstate Commerce Commission under the provision
2066 of Section 216 (e) of Part II of the Act:

Second, the Capital Transit Company performs no transportation service in the State of Virginia and its charges for service within the District of Columbia are within the exclusive jurisdiction of the Public Utilities Commission;

Three, that the decision in U. S. versus Capital Transit Co., 325 U. S., does not under existing facts and circumstances apply to transportation by Capital Transit Co. in the District of Columbia.

Commr. MILLER: Your contention, then, is that this Commission has lost jurisdiction over this operation into Virginia, due to the fact that the Capital Transit Company does not now operate into Virginia?

Mr. HARRISON: Yes, Mr. Commissioner. That is briefly part of it, with this additional fact; the decision in the Pentagon case, which I say we accept, was based on a condition which the Court, itself, said, and which this Commission recognized and said in this report, was operation in time of national emergency. This Commission invoked and the Court sustained this Commission's action upon the need for national transportation policy to carry out the needs of commerce and in particular to meet the needs of national defense. We say that that does not exist today.

Commr. ALLDREDGE: You, of course, want the Examiner fairly to present your motion. You said it had an-
2067 other alternative to it.

Mr. HARRISON: Yes.

Commr. ALLDREDGE: This Commission had another ground on which it rested its decision, did it not?

Mr. HARRISON: You mean the original case?

Commr. ALLDREDGE: Yes, sir.

Mr. HARRISON: Yes, sir, it did. I am just pointing out this one phase:

While we say now, we recognize that you had the authority, because we were in a period of emergency, the Court said and this Commission said that the Pentagon was a nerve center of the war effort. We state today that those conditions do not exist. Therefore, this Commission has lost its jurisdiction, if I may express it that way, by virtue of the changed conditions.

We know that there are sometimes emergencies. There are all kinds of emergencies that exist from time to time.

History shows that we have had emergencies of various kinds.

Commr. AITCHISON: Did you say Section 216 (e)?

Mr. HARRISON: Yes, sir, the proviso in the last paragraph.

Commr. ALLDREDGE: The Transit Company has a joint fare between the District and the Pentagon?

Mr. HARRISON: No, Mr. Commissioner, not that way, because the District Commission had no authority over
2068 those two lines in that respect. The only thing that we have is different routing under a section of the District Act.

Commr. ALLDREDGE: What is the nature of that order?

Mr. HARRISON: The nature is holding that Capital Transit Company renders service wholly within the District of Columbia and that the District Commission orders and the District Commission Acts and their orders are the only orders which permit the Capital Transit Company to collect a fare or to make a charge for operation exclusively in the District of Columbia.

I am not speaking about the Maryland operation, because that is not involved.

Commr. ALLDREDGE: In fact the Capital Transit Company applied that to the divisions of the through fares between the District and the Pentagon.

Mr. HARRISON: It does have that effect, yes.

Commr. ALLDREDGE: Is it rightly construed?

Mr. HARRISON: I think it is.

The District Commission is also interested in how much fares they divide among themselves. The District Commission is not interested in that except to see that Capital Transit Company collects no more.

Commr. ALLDREDGE: Don't you think that somebody, some jurisdiction, should be interested in that question?

Mr. HARRISON: I think all jurisdiction should be.
2069 I think Congress should be and I think Congress was. I think Congress expressed its views on that thing except it said when you have under the National Transportation Policy to exercise jurisdiction it should be left to this Commission.

Commr. ALLDREDGE: Going back to the division of joint fares, that is an issue in this proceeding.

Mr. HARRISON: Yes, it is, but I think improperly so.

Commr. ALLDREDGE: As I understand it, they are appealing to us here for protection against the Capital Transit

Company on the ground that they were deprived of a fair and reasonable division under that joint fare.

Mr. HARRISON: I don't look at it that way, Mr. Commissioner, because I don't feel that since Capital Transit is not rendering service into Maryland and Virginia, I don't think there is a question of joint fare involved. It is imposed on them now, and I think improperly, and I say that with due respect, but I think that that question is involved because if that is true they should also be collecting a joint fare or dividing a joint fare between passengers.

Commr. ALLDREDGE: May I ask another question, Mr. Chairman?

Chairman LEE: Very well.

Commr. ALLDREDGE: Is your Commission in agreement with the policy that the people who live beyond the borders of the District of Columbia and work within the Dis-
2070 trict or vice versa are not entitled to protection in the services and fares that they pay for those services?

Mr. HARRISON: Yes, we are in agreement with that view.

Commr. ALLDREDGE: Is your Commission in favor of regulating them as to paying full combinations to and from the junction points between the Capital Transit Company and all these other agencies?

Mr. HARRISON: If I may have the time to answer that.

Chairman LEE: You have three minutes.

Mr. HARRISON: It is this way, if your Honor please, at the present time, on this Commission's order, the people about whom you speak are not now paying the same fare for the same service they get. For instance, a person who goes to some other point in Virginia, pays a different fare than those who go to the three or four armed service buildings. They are not paying the fares today that somebody else is paying.

It is my contention that that order permits, unintentionally, of course, but permits a violation of Section—I believe it is 216 (c) or (d), of this Commission's Act.

Commr. ALLDREDGE: The action of your Commission, as I understand it, would automatically force them to pay combination fares.

Mr. HARRISON: We don't think so, your Honor.

2071 Commr. ALLDREDGE: Who would prescribe the joint fares?

Mr. HARRISON: We think, your Honor, that there is in law no right for joint fares in this case. We say that the

Virginia Commission would fix a fare for operation from the point to the District Line. The District Commission would fix rates inside, just as it has today in Maryland.

Commr. ALLDREDGE: All right. The passengers going across the line would have to pay the combination fare; is that right?

Mr. HARRISON: It would result in that.

Commr. ALLDREDGE: They don't have to do that within the District, do they?

Mr. HARRISON: Yes, sir. Every passenger who goes on any other line than those particular lines, does. The passenger who gets on in Maryland now and rides down to the Union Station or 12th and New York Avenue.

Commr. ALLDREDGE: I said, within the District.

Mr. HARRISON: All right, within the District. I can get on at my home in the District of Columbia and ride for eight miles down-town.

Commr. ALLDREDGE: On one fare?

Mr. HARRISON: On one fare, and get on this line and get one fare but if I am going to Union Station, I pay 10 cents straight fare and I may be taking an interstate train or interstate bus at 12th and New York Avenue.

2072 Commr. ALLDREDGE: I was speaking of this question.

Frankly, it occurs to me, without criticism, you understand—

Mr. HARRISON: I understand that.

Commr. ALLDREDGE: —that the automatic effect of that would simply be to build a wall around the District of Columbia.

Mr. HARRISON: Just the same kind of wall that we have at the District and Maryland line and we think it is a wall that everybody gets over with facility and gratitude.

Commr. ALLDREDGE: But there are no walls within the District.

Mr. HARRISON: No, sir.

Commr. MITCHELL: I suppose what your Commission wants to do is to protect the people that live in the District and that if they are permitted to have these lower rates outside, we who live in the District will have to pay more money to keep this company operating.

Mr. HARRISON: That is undoubtedly true, Mr. Commissioner.

Commr. ALLDREDGE: That is a theory, but—

Mr. HARRISON: Well, it is a fact.

Commr. ALLDREDGE: But it is a question of whether the facts prove it to be so.

Mr. HARRISON: Whether the facts in your record show it, I don't know, but this is a fact that a passenger
2073 getting on one of the lines of one of these other companies, going to some other point than the points designated in the original order, would pay a different fare. Now, the man who lives in Virginia and gets off and comes up, would pay a different fare in the District of Columbia. He would pay a straight 10 cents.

Commr. ALLDREDGE: Would you argue that the building of these installations across the line over here and the establishment of enormous personnel did not benefit the Capital Transit Company?

Mr. HARRISON: I do not, your Honor. I think the record clearly shows that. I think it does not because it took transportation away from Capital Transit Company.

Commr. ALLDREDGE: If they built just slightly this side, within the District, you think automatically it would have been benefitted?

Mr. HARRISON: I think it would. The only thing we are interested in is that we who are here and ride get a fair joint service.

The People's Counsel, John O'Dea, is here.

May he make a brief statement?

Chairman LEE: Does he have time?

Mr. O'DEA: I did not ask for time. I just want to concur.

Chairman LEE: How much time do you want?

2074 Mr. O'DEA: Just a minute.

Oral Argument of John O'Dea

Mr. O'DEA: May it please the Commission, as People's Counsel, I was permitted to intervene in this case on April 1, 1948. My position is exactly the same as that of Mr. Harrison of the Public Utilities Commission. I subscribe to what he says.

Commr. ALLDREDGE: Are you as People's Counsel interested only in the passengers that travel exclusively within the District of Columbia?

Mr. O'DEA: Within the District of Columbia.

Commr. ALLDREDGE: You are not interested in those that cross the line?

Mr. O'DEA: Just those within the District.

Commr. MITCHELL: Who employs you as People's Counsel? Is that a corporation or what?

Mr. O'DEA: No, no. I was appointed by Congress to see that passengers like yourself who stand in the busses coming down in the morning get adequate service at a fair rate.

Commr. MITCHELL: I would not want to criticize you, I just wondered who you did represent.

Mr. O'DEA: That is it. Thank you.

Chairman LEE: Mr. Denniston.

2075 *Oral Argument of F. W. Denniston*

Mr. DENNISTON: May it please the Commission, if I may be of some possible assistance to those Commissioners in the proceeding who were not associated with the original case and to perhaps re-orient you gentlemen who were familiar with it, I would like to—I brought this map. I wish it were a larger scale so that it might show up more clearly but I believe that you can see the salient points.

I might say as to the exact routes operated, the respondent carriers have put exhibits into the record which show the actual routes, so this is only for the purpose of visual enlightenment and I am not going to trace out every route operated.

Commr. AITCHISON: Which way is north, that way?

Mr. DENNISTON: North is in approximately that direction (indicating.) This is the down-town Washington area. This is the Interstate Commerce Commission Building, right here (indicating) Constitution Avenue—here is 16th Street, Memorial Bridge, Highway Bridge, and the Pentagon at this point.

Chairman Lee: Where is the Naval Installation from this?

Mr. DENNISTON: On the hill at this point.

The airport is at this point—Building T-7, I believe it is called the Gravelly Point building as well, is this building here.

2076 I think it is quite pertinent at this point, in view of the statement Mr. Harrison has made, in which he speaks of the analogy of one Commission prescribing a rate to the State Line and another Commission prescribing it from that point on, I might say that if we had that condition in this case, probably we would not be here because the District Line has been, of course, hotly contested over a period of years.

It goes to the high-water mark on the Virginia side of the river. That point is at least, the very minimum is this line that you see as the shore line of the present river.

The question has been always as to how much beyond that the line actually extended, the former high-water mark but it can be seen if this minimum point is taken, the present river border, the river shore, that if the Capital Transit Co. were serving the entire portion of the District of Columbia, they would be carrying the passengers across these bridges over to here.

The distance from there to the actual Pentagon Building and these other installations is very insignificant; however, that is not the situation.

Of course, the Virginia lines go into Mid-town and we have these various mid-town transfer points, the most important one of which is in the vicinity of the Lincoln Memorial and comes across the Memorial Bridge.

2077 I might say at this point that I am offering the combined arguments of the Departments of the Army and the Air Force and we are supporting the Examiner's report which was favorable to the position which we had taken.

The principal question presented here is a question, does somebody have the right to look at this overall service being rendered and if somebody has the right, what is the proper fare under those conditions.

As this proceeding is before us, there are certain confusing elements which obscure that issue somewhat:

The first is, we have from the Virginia lines a request for one increase, or an increase in one of their, what we will say are local fares, that is from the down-town area to the Pentagon Building, without use of any of the service of Capital Transit.

Secondly, we have the dispute between the carriers as to what the division of this joint fare should be.

Those two questions have no relation whatever to the jurisdictional question. However, it creeps into the argument, and as to this question of alleged discrimination, for example, it is said that because Capital Transit is getting less for its portion within the District than the fare it charges other passengers, that that is proof that discrimination exists and that perhaps you do not have jurisdiction.

2078 I think those two subjects should be set aside for separate consideration and the straight jurisdictional question resolved. Of course, that has been discussed at length in prior reports of the Commission and in the Supreme Court's decision.

As to the changes in facts which have taken place since that time, since the time of that decision, this should be borne in mind:

First, that the Supreme Court very specifically and clearly discussed the question of the authority of this Commission to prescribe the joint fare. As to that fare, Capital Transit never did render any direct service into Virginia. In other words, when it rendered its direct service, it was affected by another portion of the fare order. Under the joint line service, and this joint fare, which was upheld, Capital Transit at no time went into Virginia in connection with those tickets.

It is true at that time and prior to April 1 of last year, that they were separately rendering this direct service.

Also, it should be borne in mind that the joint line fare is applicable to all of these installations, including Gravelly Point, the airport, and the Navy Annex, yet the Capital Transit service into Virginia went only to the Pentagon, so to that extent, the fact they discontinued to the Pentagon has no relation to the situation as it was considered by the Commission and as it was upheld by the Supreme Court.

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In those two very important aspects, with respect to the fare, itself, it should be noted that no direct contentions or no attempts have been made to show that the joint fare prescribed is unjust and unreasonable. What we are faced with is a contention by each side that each should receive 10 cents for its portion of the haul.

Well, the accompanying mathematics of that is certainly vulnerable, so while normally we would not be interested at all in the question of divisions, it is inescapable in this issue, because obviously the 13 and ⅓ cents rate cannot stand two divisions of 10 cents.

As to the joint line fare again this should be borne in mind: In the original proceeding it was shown that the average passengers using this service travelled a distance of 6.21 miles.

At this hearing a similar survey was made and it was shown that they travelled an average distance of 6.3 miles; a very inconsequential increase in the distance travelled, so we have a situation where we have a 13⅓ cent rate and a distance travelled of 6.3 miles.

No one has questioned the fact that there is an adequate rate for that distance or has gone into the rate, itself, on

any other ground. It has simply been one of juris-
2080 diction and the fact that each wants 10 cents.

Commr. Rogers: I thought somebody said that both of these companies were in the red?

Mr. Dennistron: As to their overall operations, that is shown of record, clearly. However, what we are confronted with here, of course, is the fact that we are considering one rate or at least one series of rates affecting a common situation so it is a question of the reasonableness of the rates.

The Commission's precedent, I think, is unassailable, on the point, in determining the reasonableness of a particular rate, the question of overall need, overall revenue needs is not pertinent.

The question of costs and all other items entering into the reasonableness of rates are, of course, quite pertinent, but here the showing has been limited exclusively to the question of overall revenue needs, coupled with certain comparisons of mileage rates, certain comparisons of rates on a mileage basis.

In the original reports in this case, the Commission, of course, found that it had jurisdiction on two bases:

First, on its authority to remove the conditional exemption of Section 203 (b) (8) and

Second, that it held that the carriers here were not engaged in intrastate commerce over their entire
2081 routes and that, accordingly, they would not be entitled to the exemption.

The Examiner has proposed the continuance of the same double finding and we feel that the record amply supports the making of that finding.

The record clearly shows, for example, on the intrastate operating rights, that the Virginia carriers are subject to the same restrictions on their operations as they were at the time of the prior hearing and cannot render intrastate—render service in intrastate commerce within the District. For example, you cannot ride by the Arnold line from its terminal say to a point in Georgetown, which is on its route.

Again, on the question of joint fare and the fact that nothing was shown to justify a finding that the fare, as such, was not just and reasonable, we have this situation, that the Arnold line, W. V. & M. from downtown Washington, maintains a single fare rate; it comes down here over Key Bridge to the Pentagon Building by a transfer arrangement as Roslyn. That is a token fare of 15 cents cash

or 12½ cents a token, which means that the service for a good portion of downtown Washington is rendered here over a very circuitous route for a fare less than that which has been prescribed by this Commission.

Again turning to the question of 203 (b) (8), ex-
2082 emption, it applies where the carrier, the motor carrier, the phrase used, is lawfully engaged in operations of intrastate commerce.

Under the theory of through routes, if there be a through route, it is clear then that with respect to this, there is no authority over the combined or through route in question; there is not intrastate authority existing, although there is over certain portions of it.

With respect to the finding which the Commission previously made with respect to the removal of the exemption on the theory that the National Transportation Policy required it, that finding, of course, was related to the question of national defense.

The facts in that situation, which have occurred, of course, since the time of the prior hearings, has been that the actual warfare, as such, has ceased, and the end of hostilities has been proclaimed. However, certainly the facts of the present day do not justify the conclusions which the District Commission has offered, in which they state in their exceptions that it is common knowledge that the United States is not engaged in national defense.

Certainly the record is to the contrary.

Very recently the Supreme Court has upheld the use of wartime powers, Woods versus Miller, 333 U. S., where they held that the declaration of the end of hostilities did
2083 not inaugurate a period of peace in fact.

Again, there have been quite recent Acts of Congress, where they have declared and made declarations along those lines, as to the question of the present state of national defense, notably Public Law 469, known as the Rubber Act of 1948, Public Law 472, known as the Foreign Assistance Act of 1948.

Commr. MITCHELL: There the Court held that the emergency that justified certain decisions in certain cases has expired and that there is no longer an emergency that justified the opinion in those cases.

Mr. DENNISTON: Are you speaking of Woods versus Miller, sir?

Commr. MITCHELL: I don't know if it was Woods versus Miller, but I am referring to these mortgage cases and things of that kind.

Mr. DENNISTON: I am not aware of any such decision, sir.

Woods versus Miller was the upholding of the authority of Congress to regulate rents, which was wholly based on the War Powers Act. That is not based on an emergency, though. It is dependent on the basis, the whole basis of their authority to have enacted that law was the question of whether there was a state of war which under their general powers permitted enactment of that legislation and in that quite recent decision the Supreme Court held
2084 that that power still did exist and that it was continuing up until the time of its decision early this year.

At the renewed hearings, the Director of Civilian Personnel for the Department of the Army, who was testifying on behalf of both departments, testified along the lines of the previous hearing. In other words, that the department was in a competitive labor market, that it drew primarily from the District of Columbia and that there were at that time 300 vacancies that they were not able to fill.

The same witness estimated that that number would rise within the immediate future.

It was indicated that transportation costs is an element which enters into the employment situation, not the only element, certainly, but an important one.

In connection with that situation, the examiner indicated that judicial notice would be taken of certain statistics on the question of wages of government employees which are shown in full as an appendix A and B in this Department's brief.

I might add at that point that the purpose there, of course, is simply to show or illustrate or underline the fact that we have an employment problem in which transportation costs enter and, secondly, that as the Commission pointed out, value of service or ability to pay is a factor
2085 in here. It should not be considered, of course, to the exclusion of other factors.

Commr. Splawn: How does the predicament that the War Department might find itself in, with reference to competing situations, how does that have jurisdiction over business affairs?

Mr. DENNISTON: For the same reasons as found in your prior reports. In other words, the factual situation being the same, that because of the activities of the Departments in connection with the national defense, that the same reasons now exist as at the time of the prior reports.

Commr. SPEAKS: That is, the emergency still continues, but suppose that the emergencies should disappear?

Mr. DENNISTON: That question is not here, but assuming that it discontinue or did end, then, I think you would still have your jurisdiction because of the fact that there is not intrastate operating authority through the entire length of the joint route or through routes involved and that, of course, is a separate question and incidentally, that is one which the Supreme Court did not pass on in its opinion. It upheld the order as being sufficiently based on the first finding.

With respect to the jurisdiction of the Public Utilities Commission, we have the question. Can someone look at the overall situation?

Obviously, and I think Mr. Harrison's statement
2086 will show that, obviously that Commission is not empowered to see or consider the through situation here, that is, for the overall trip. Its considerations are limited to the scope of the District Line, although, again, at that point I might stress that in this situation the Capital Transit falls far short of the District Line in its direct operations at the present time.

The Commission's order that was referred to, issued on June 11, the opinion and findings which accompany that order, base it entirely on alleged discrimination between interstate passengers of Capital Transit Co. That is Exhibit 138 in this record. That is the sole basis on which they predicated their order, and they concluded that the Capital Transit Company was accepting a fare less than that prescribed by the Commission.

Their order was that Capital Transit should accept no less than 10 cents cash or the exhibition of a pass which sells for $1.50 a week. The pass is an unlimited use pass, the exact value per ride of which fluctuates up and down, depending on the number of uses made per week.

It is not apparent on what basis the finding is made that the company is receiving less from this transportation than any other, because before he could make that determination he would need to know what your average cost per ride would be under the pass.

2087 Further, the portion of the Act under which the District Commission entered its order, presumably, Title 43, Section 408 of the District Code, provides that in matters pertaining to discrimination that they shall not enter an order without a formal hearing. There was no hearing in this case, as was indicated, of record.

On the question of the joint fare, itself, and the reasonableness of it, as I have already pointed out, there have been no specific attacks made on that fare as such. Capital Transit Company, for example, showed its over-all position. It had an exhibit which showed its average revenue per passenger at nine and a fraction cents. However, it arrived at that figure by attributing to the pass an arbitrary number of uses, 16, as an arbitrary number of uses. That was, selected, according to the witness, because it represents one more than the value would have been of 15 rides at the 10 cent rate. That was selected, however, solely for this proceeding, because in former proceedings before the District Commission they have used an average use for statistical purposes of 22 or 23 uses per week and the actual count of their counters indicates the use of 34 to 35 times. If those figures are used, it produces an entirely different picture of average revenue.

On the question of the Virginia fares, itself, it was pointed out in the original reports in this case, that the
2088 Virginia companies received quite a bit of benefit from this trans-Potomac traffic.

Commr. MITCHELL: Do the records show how many weekly passes they sell?

Mr. DENNISTON: I do not believe so.

Commr. MITCHELL: Does it show the revenue per week in passes?

Mr. DENNISTON: I think it does.

Commr. MITCHELL: Go ahead and don't bother.

Mr. DENNISTON: Perhaps I can insert that in a moment.

As I said, in the Commission reports, the Commission found—and you will find it in your report—that this traffic was of great advantage to the Virginia companies, and it will be recalled that shortly prior to April, 1947, when Capital Transit proposed discontinuance of this direct service, these departments were apprehensive of the ability of the Virginia lines to render that full service at that time and presented to the Commission, informally, a request that some method be found of requiring the continuance of that service. However, on April 1, that service was discontinued by the Capital Transit and the Virginia lines took this full load which was a rather large load, because up to that time, Capital Transit had transported the major portion of the traffic.

Exhibit 147 in this proceeding is the exchange of
2089 correspondence which took place between the Commission and these present respondents with respect to that discontinuance of service. It will be found in that correspondence that all of the companies took the position that this was counter-flow traffic for the Virginia lines and it was uneconomical for the Capital Transit to continue their operation.

Although we have this consistent picture of the companies contending and the Commission finding in prior reports about the counter-flow nature of the traffic and the balancing of these carriers' traffic, there was no evidence submitted in this proceeding which would clarify that situation as of the present time by the respondents.

They showed that certain additional mileage was being operated in conjunction with the service now rendered with this additional rather considerable volume. The Departments made some effort to show something specific in the record on this point and made two attempts at surveying, using military personnel, one of which had to be discarded because of the possibility of inaccurately using the figures as reported. One of them, however, contained certain usable statistics which are shown in Exhibit 157 and this indicates that in the afternoon rush hours, over Memorial Bridge, for example, that there was very little lightly loaded equipment moving in any one direction. That, of course, proves it indirectly, but it shows that it is not
2090 necessary to move equipment from Washington into Virginia in the afternoon rush hours to accommodate this traffic.

The counter-flow nature of this traffic and the intended benefits is confirmed by the fact that after the absorption of it, according to the witness of A. B. & W., for example, that after the absorption of that traffic, their traffic was in balance.

W. V. & M. or the Arnold line runs one shuttle which took up what is known as the R-2 line of the Capital Transit Co. That is from the Potomac River area, 19th, 21st and C and over the bridge, that is run as a shuttle service, running empty busses over and back for that particular service.

According to the witness, it was the most expensive type of operation involved here that they run.

Commr. Arrowsmith: Does the record show that Capital Transit runs a bus service down to connection with that service that you have just described?

Mr. DENNISTON: Yes, the record shows, as I recall it, that the Virginia lines had to get some additional authority to connect with them but the connection was made. I don't believe Capital changed its operation but the Virginia line had to move up one block. I believe at that time their operation was limited to Constitution Avenue and they had to move up to C Street. I think your records will show that you issued a new operating authority at that time.

2091 Commr. ARTCHISON: That is not my question. The question is whether or not the record shows that the Capital Transit has certain routes. For instance, down Connecticut Avenue and 20th?

Mr. DENNISTON: Yes, it shows the connecting points. The witnesses show along Pennsylvania Avenue, for example, in the vicinity of 12th and Pennsylvania that there are numerous transfers made between the two companies.

It is shown that the same situation exists at Potomac Park and I believe at the Bureau of Engraving and Printing. Those are the three principal areas and that is clearly shown of record.

Going back to the shuttle service, the point is this: That in an exhibit which shows the additional mileage operated by W. V. & M., so-called additional mileage with respect to this shuttle service, it constitutes their entire mileage. Based on a computation of known revenues on that particular operation, they are receiving $750 a day revenue and their expense, based on that mileage and using their average mileage cost as an expense item, is $275, contrasted with $750.

It may be that there are other cost elements entering into that picture but that wide disparity would certainly indicate that they are not unreasonable rates.

2092 A further situation is indicated by the effect on the Viriginia companies, after this operation was taken over. If these were unreasonable rates, the absorption of this tremendous load would have caused serious financial problems with the company. However, as will be seen from Appendix C of the Department's exhibit, it shows a contrast in the first quarter of 1947, that is when they were rendering simply the moderate amount of traffic service, they were handling before that date, contrasting that with the second quarter of 1947, when they were taking the entire load, it shows this situation:

13 per cent increase in revenue, with an increase in expense of 8 per cent.

I am eliminating fractions in reading this.

The mileage, however, increased only 4 per cent.

Passengers carried increased 8 per cent.

That is as to the Arnold lines.

As to the A. B. & W., it shows an increase in revenues of 8 per cent, an increase of expenses of less than one per cent and an actual reduction in mileage, as well as an increase of 8 per cent in passengers carried.

It would seem that this clearly would cover the situation as it best could be examined at that time.

The respondents have not put into this record, unfortunately, much evidence which could have borne directly on this question and for that reason we are relegated to
2093 making these assumptions and comparisons in that manner.

Mr. Kahn has referred to a restoration of the prior fare of 10 cents in this case.

This should be borne in mind: That the company was voluntarily, as will be seen from the prior reports, prior to this, maintaining a fare of 7½ cents to the airport area, by which it can be seen very clearly, is considerably further than to the Pentagon direct. It was rendering a voluntary rate of 7½ cents, so on the question of restoration of the rate that should be borne in mind.

Another question presented is this: The question of their division, that is, the Virginia companies receiving 7½ cents and on the other hand, Capital Transit receiving 5.83. 5.83 is offered, showing that the present fare structure is not proper. However, again it goes back to the question, should there be a through service, should there be through routes with a joint or through rate involved?

If it is to be a matter simply of combination of local rates of the companies, that is one thing but assuming that there is to be a through route with a joint rate applicable over it, then the question of division cannot be offered in a comparison in that particular way, for this reason:

That the Commission's precedents for many, many years will show that a division of a local rate—I mean division is generally less than a local rate. Ordinarily, if it
2094 were not, ordinarily you would have no reason for the joint or through rate.

With respect to the method of comparison used by the Examiner on these mileage comparisons, this should be borne in mind: The method used there was extremely favorable to the respondents. For example, it has been

mentioned that the mileage for A. B. & W. of 4.64 miles, as the distance to the Pentagon from their terminal—now they have two routes; one is over Memorial Bridge, which is more circuitous than the other. The direct distance is 3½ miles, and over Highway Bridge, over which 87 per cent of the traffic moves.

Exhibit 156, for example, shows that, that 87 per cent of this rush hour traffic by A. B. & W. goes over Highway Bridge as distinguished from Memorial Bridge. However, just making the simple average of the two distances has reduced the 4.64.

If a weighing is given to the mileage, depending on the number of passengers handled, that mileage will be considerably reduced and make the comparison as to this rate even more favorable.

Reference was also made by A. B. & W. counsel as to the intrastate fares and the fact that they are going to seek increases. The record will show this company was going to supply an exhibit for the Commission, 2095 showing the miles of the intrastate zones and their fares, so that this Commission might also examine those. That exhibit was not supplied.

Reference was made by counsel for Capital Transit to the Port Richmond case. I will commend that to the Commission, because, of course, in that case it was pointed out very specifically that the partial regulation which was upheld in that instance by a State, it was very clearly stated to be that it was in the absence of Federal legislation. Of course, it has for a long time been the precedents of the Court that to a certain extent in certain limited fields, the States can regulate with respect to interstate or foreign commerce, provided there is not Federal enactments which have superseded it, so the Port Richmond case, of course, is no longer authority on this point.

Rebuttal Argument of S. Harrison Kahn

Mr. KAHN: If the Commission pleases, the A. B. & W. Co. is subject to this Commission's jurisdiction. There is no question in this proceeding as to that fact.

We operate between the District of Columbia and points and places in Virginia, the Interstate Commerce Commission fixes the fares, prescribes the rules and regulations. Neither the Virginia State Corporation Commission nor the Public Utilities Commission for the District of Columbia purports to fix any fares for the transportation of persons in interstate commerce.

2096 Our whole point in this proceeding is that there is no need for the joint arrangement between Capital Transit Company and the A. B. & W. Transit Company, that the person who presents himself for passage on our busses at 12th and Pennsylvania Avenue should be subject to the one fare of 10 cents.

In answer to one of the Commissioner's questions to one of the other counsel about the number of busses required the record will disclose that the A. B. & W. Transit Co. renders its so-called base service with approximately 60 busses but that it requires the 60 busses for its rush hour service. Those busses are sorely needed to move the passengers arriving at the Pentagon Building, Navy Annex, Washington Airport, in addition to other points on the line, but which busses are not normally used in the rendition of service other than in the morning and in the afternoon.

Commr. Rogers: As a matter of interest, are the Virginia lines using any of the Capital Transit Company now?

Mr. Kann: No, sir, as far as the A. B. & W. Transit Company is concerned, they do not.

We would like to invite the Commission's attention to Section 216 (e) of the Act which says in the exercise of the power to prescribe just and reasonable rates and fares that the Commission should give consideration to the need in the public interest for adequate and efficient
2097 transportation service by such carriers at the lowest cost consistent with furnishing such service and to the need of revenues sufficient to enable such carrier under honest, economical and efficient management to provide such service.

I would like to tell the Commission that one of the facts the Examiner inadvertently overlooked is that the A. B. & W. Transit Company has approximately $2,000,000 invested in carrier operating equipment; that they have operated at a deficit and as of March 31, 1948, they were losing 2½ cents, approximately, on each mile that they were operating; that since their inception in providing service between Virginia and the District of Columbia, they have never increased a fare except in a very minor instance, that this request to the Commission comes to the Commission out of mature, honest, economical and efficient management for an increase in fares which they believe is justified.

There may be some contention that the A. B. & W. Transit Co. made some money. Well, it is true that they did, but

the facts before the Commission will disclose that 97 per cent of the profits made by the A. B. & W. Transit Company have been plowed back into equipment and services for the public. They have been giving the people of Virginia the most adequate and efficient transportation service possible and that is the type of service that we desire to continue to provide for the public.

2098 Commr. MAHAFFIE: You say you have $2,000,000 in operating equipment?

Mr. KAHN: Approximately, if the Commissioner pleases. The Exhibit in our I. & S. case, in our General Fares, will show that carrier operating property, less reserve for depreciation, is $1,505,343; that other cash, inventory for parts and spare parts and other funds used for the daily and current operation, total approximately $334,724 or an actual total of $1,840,000, devoted to property, busses, garages, spare parts, tires and tubes and all the other incidentals in rendering a very efficient transportation service and I think it is significant that in all of the years of existence, while it has made money, it has devoted 97 per cent of its profits back to the public to provide a type of service which is all well recognized by the persons who travel between Virginia and the District of Columbia.

We believe, as far as the mileage is concerned, where it is 4.64, the map will indicate the airport is beyond the Pentagon but we believe that 4.64 accurately represents the distance to these particular installations.

In so far as a failure to supply a particular exhibit in this proceeding, we believe that particular exhibit was submitted. We are asking this Commission that they eliminate the joint fare of 7½ cents. If they feel that the joint fare should be in existence, we ask that a 10 cent

2099 division be established.

We also ask that the 8⅓ cent fare or the strip ticket be eliminated.

There is some contention as to the lawfulness and reasonableness of the joint fare. There was no comprehensive cost study made in the earlier hearing; there was no cost study made in this hearing.

I would like to invite the Commission's attention to the fact that the revenues of the company approximate 36 cents per mile and the cost of operation approximates 38½ cents a mile.

Commr. ALLDREDGE: Per bus mile?

Mr. KAHN: Per bus mile.

It is impossible to break down into the Pentagon service or the Naval Annex or the Airport or any other portion of our operation what the exact costs are to that particular building. The busses, as I have previously stated, move over the entire system of the company. The same management controls and directs the same busses, the same insurance, the same maintenance, the same garages, same personnel; the same driver who drives between Washington and the Pentagon Building, drives that same bus into Alexandria.

There is no economical manner, after years and years of experience, to break down into a cost study what it would actually cost the A. B. & W. Transit Company
2100 to perform this service.

We have presented our other case on the theory that the entire operation is a single entity.

The longest route operated by the A. B. & W. Transit Company in interstate commerce is 19½ miles down to Fort Belvoir, Virginia.

Commr. ARTCHISON: There have been books written on the subject of cost of urban transportation. Don't you think that is a superfluous statement?

Mr. KAHN: We say, Mr. Commissioner, that the cost of developing that study would offset the reasonableness of the presentation made here, that we believe with the facts before the Commission in this case, that the reasonableness of the fare has been established and that it is the prayer of the A. B. & W. Transit Co. here that a single fare of 10 cents only be established between the District of Columbia.

Commr. ROGERS: Have you ever tried to determine the average length of ride per passenger?

Mr. KAHN: No, sir, if the Commissioner pleases, we have not, sir. In fact, for the first time, we have made an attempt to count the number of passengers but because of a cash collection system it is very difficult to find out just where the passenger gets on and gets off.

Thank you, sir.

Chairman LEE: That concludes the argument.
2101 The case will be taken under advisement.

The Commission will now adjourn.

(Thereupon at 12:28 o'clock p. m., the Commission adjourned.)

2102 *P. U. C. Exhibit No. 1.*

PUBLIC UTILITIES COMMISSION OF THE DISTRICT OF COLUMBIA

Order No. 3422

October 1, 1948

P. U. C. No. 3186/102,

Formal Case No. 380.

In the Matter

of

Application of the CAPITAL TRANSIT COMPANY for authority to change certain of its rates of fare.

NATURE OF PROCEEDING.

On June 18, 1948, the Capital Transit Company (hereinafter referred to as "Capital Transit" or the "Company") requested authority from this Commission to effect changes in its schedule of rates of fare for transportation of passengers within the District of Columbia on the Company's street car and bus lines.

The Company's principal rates of fare in force within the District of Columbia are as follows:

Cash fare—10¢.

School fare—3¢.

$1.50 Weekly Pass, entitling bearer for seven days, Sunday to Saturday, inclusive, to an unlimited number of rides on street car and bus lines; and between the hours of 5:00 a. m. and midnight on Sunday and holidays, entitling not more than two children under twelve years of age to ride free when accompanying the holder of such a pass.

Passes not valid on any bus line upon which the regular fare is more than 10¢.

The Company requests the Commission to authorize the following changes in its rates of fare applicable to its regular scheduled service in the District of Columbia, except the "Hains Point" bus line (Route H-9):

(a) Change the rate of the $1.50 Weekly Pass to $1.85 Weekly Pass, retaining all existing conditions, except that it shall not be valid on any car or bus line within the District of Columbia on which the regular fare is more than 15¢.

(b) Abolish the existing 10¢ cash fare.

(c) Establish a 12½¢ fare, in the form of tokens or tickets to be sold at the rate of two for 25¢.

(d) Establish a new 15¢ cash fare.

(e) Transfer will be issued on the payment of the cash or token fare, subject to all other existing regulations.

2103 After appropriate notice, formal public hearings were held on July 13, July 14, August 4, 5, 6, 9, 10, 11, 12 and 13.

People's Counsel participated in all the proceedings. Petitions for leave to intervene were granted to the Federation of Citizens' Associations, to the Washington Chapter of Americans for Democratic Action, to the Washington Area Branch of American Veterans Committee, and to the Washington Committee for Consumer Protection.[1]

Individuals and representatives of numerous associations were heard by the Commission.

The parties to the proceeding were granted permission to file briefs on or before August 27, 1948.

Testimony for the Company was presented by J. E. Heberle, Vice President and Comptroller, and by William B. Bennett, Vice President and Secretary. Commission testimony was offered by V. A. McElfresh, its Executive Accountant and Auditor.

Both the Company's witness Heberle and the Commission's witness testified with respect to the recent experienced earnings of the Company, rate base and return earned. These two witnesses also presented considerable statistical data and expressed opinions as to the effect on income and return of the fare change requested by the Company as well as various other fare structures proposed for consideration. Company witness Bennett testified with respect to the present day value of the lands owned by the Company, and, in his capacity as Secretary of the Company, identified several documents bearing on the purchase in 1895 of the Washington and Georgetown Railroad Company by the Rock Creek Railway Company.

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[1] Permitted to intervene and act as representatives of the following organizations:

Washington Industrial Union Council, C. I. O.
Potomac Cooperative Federation
Washington Committee for Wallace
Women's Auxiliary, United Public Workers, C. I. O.
Hotel and Restaurant Employees and Bartenders International Union, Cooks, Pastry Cooks and Kitchen Employees, Local 209, A. F. of L.
Federation of Civic Associations
Washington League of Women Shoppers
Emma Lazarus Division of the Jewish People's Fraternal Order.

Howard G. Brunsman, Assistant Chief, Population Department of the Bureau of Census, testified on Census Bureau population figures and population estimates of the District of Columbia. John W. Mitchell, an em-
2104 ployee of the Civil Service Commission, in charge of statistics, testified on Federal civilian employment in the District of Columbia and vicinity. Mrs. Ethel D. Hoover, Chief of the Branch of Consumer Prices under the Department of Labor, testified on the cost of living index. These three witnesses were presented by Counsel for the Washington Committee for Consumer Protection. They appeared at the request of the Commission after the aforementioned Counsel asked the Commission to issue subpoenas for these witnesses.

This same Counsel also presented the following witnesses who generally testified in opposition to any increase in fares. Mr. Ernest F. Harper, President of Federation of Civic Associations; Mrs. Catherine Lewis, representing Garfield-Douglas Heights; Mrs. Arlene Neal, representing Building Service Employees Union, Local [illegible], A. F. of L.; Mrs. Mary Irving; and Mrs. Sylvia Wubnig of the Washington League of Women Shoppers. He also called the Commission's Chief Engineer as his witness to testify on the loading standards prescribed by the Commission, and the Company's witness Heberle to testify with respect to the establishment of shuttle bus service between the business district and certain proposed fringe parking lots.

Three other witnesses were called by him; namely, Dr. Carey DeWitt Eldridge, Charles H. Houston and Mrs. Gertrude Evans. Dr. Eldridge presented no facts whatever but attempted to argue and express his opinion of the testimony of other witnesses. He was not presented as an expert on any matter pertinent to this case. Mr. Houston was a member of the President's Committee on Fair Employment Practice created under Executive Order 9436. He testified with respect to the Company's war-time attempt to utilize negro street car and bus operators. Mrs. Evans testified on the results of a sample poll of various citizens made by one of the cooperative organizations, the Progressive Party, in the Washington Committee for Consumer Protection on various questions which that Committee thought were involved in this case.

Counsel for the Americans for Democratic Action, Washington Chapter, presented two witnesses, William J. Bate-

man and Carl Batter, Jr., who testified on traffic observations made at various points and at various times, the purpose of which, according to Counsel, was to show that substantial economies could be effected during off-peak hours by reducing the number of street cars and busses in service.

In addition to the witnesses listed above, 14 persons, some speaking on their own behalf and some for citizens' associations and other organizations, expressed their views on the proposed fare increase. Most of these statements were in opposition to the fare increase on the grounds that the low-income groups could not afford to pay additional transportation costs without curtailing some other
2105 expenditure. Others complained of inadequate service. Some recognized the fact that the impact of wage increases and other rising costs might justify a fare increase.

The record in this case contains 1,139 pages of transcript. Fifty-two exhibits were introduced. In addition to the statements made on the record, the Commission has received a substantial number of communications generally expressing opposition to any increase in fares.

Much has been said by one of the intervenors, on the record and outside of the record, respecting the lack of a fair hearing and insufficient opportunity to present witnesses. In order that the true facts may be known, and that the position of this Commission may be made crystal clear, the following explanation of the scheduling of hearings and the opportunities afforded to all parties is set down.

On June 18, 1948, the Company filed its application, and on June 23, 1948, the contents of this application were made known to the public, at which time notice was issued and publicized in all the newspapers of Washington that a public hearing would be held on July 13th. Thus, three weeks (lacking one day) elapsed between the notice of hearing and the first presentation of evidence.

Testimony was presented by the Company on July 13th and 14th. Also, interested citizens or representatives of groups of citizens were given the opportunity to present their views relative to the matter before the Commission. Advantage was taken of this opportunity by the representatives of the following organizations:

Manor Park Citizens' Association
Washington Industrial Union Council, C. I. O.

Auxiliary of the United Public Workers, C. I. O.
Georgetown Citizens' Association
Cooks, Pastry Cooks, and Kitchen Employees, Local 209, A. F. of L.
Washington League of Women Shoppers
Washington Committee for Wallace
Washington Committee for Consumer Protection
Randle Highlands Citizens' Association
Columbia Lodge 174, International Association of Machinists.

The proceedings were then recessed for three full weeks in order to provide time for analysis of the testimony placed in the record, for the preparation of cross-examination and rebuttal testimony.

2106 The proceedings were reconvened on August 4, 1948, and continuous hearings were held on August 4, 5, 6, 9, 10, 11, 12 and 13. Thus, to the six weeks which had passed from the date of issuing the notice of hearing to the date of the reconvened hearings an additional ten days were added. And yet, when on August 11th, after seven weeks had passed, the Washington Committee for Consumer Protection, intervenors, were called upon to present their witnesses, they did not have a single witness ready.

The Commission's file shows that the chairman of the Washington Committee for Consumer Protection sent a telegram to the Commission on July 9, 1948, advising that she would testify in the proceeding. The record shows that she did testify on July 14, the second day of the proceeding.

The record also shows that this organization was included as one of the intervenors in a petition for intervention filed July 12 before the proceedings were called for hearing.

After all other parties to the proceeding had presented their own testimony and after all parties, including this intervenor, had completed cross examination of all witnesses, and after the attorney for the Washington Committee for Consumer Protection had been called upon by the Commission to present his witnesses, he had no witnesses ready to present. The record further shows that after all cross examination by all other parties had been completed, and after the attorney for the Washington Committee for Consumer Protection had presented his first

witness on August 11, 1948, he advised the Commission for the first time that he would at a later session ask the Commission to issue subpoenas for certain witnesses (Tr. 866-867). At that time, he was not able, or was unwilling, to give the Commission the names of technical experts whom he would ask the Commission to subpoena (Tr. 867). He further advised the Commission that there would be a group of working people and housewives, "There may be five, there may be ten; there may be more" for whom subpoenas would be requested (Tr. 867-868).

The Commission recessed the hearing until 2:30 in the afternoon of August 11 to give counsel for the Washington Committee for Consumer Protection time to decide how many subpoenas he would ask the Commission to issue, and to prepare subpoenas (Tr. 868). At the afternoon session of August 11, 1948, he named four witnesses for whom he had prepared subpoenas and indicated that at a later time he would ask for other subpoenas (Tr. 873). The attorney said he had talked to one or two of the people for whom he had asked subpoenas be issued (Tr. 873). The record shows that upon questioning he had talked to only one witness for whom he had asked a subpoena to be issued and talked to the superior of one government employee for whom he asked a subpoena (Tr. 907, 908).

2107 The record shows that the attorney for this intervenor was advised on August 5 that the Commission's staff would present only one witness whose direct testimony would probably take one or one and one-half hours to present. This attorney stated that one witness who had followed all of the proceedings was not ready to testify, but that he was at that time in the hearing room (Tr. 915, 916, 920, 921). This Counsel stated on August 11, that he had not decided at that time whether he would call another witness who was then in the hearing room and who attended all hearings in the proceeding (Tr. 922). He advised the Commission that he expected to determine within the next three days whether he would be in a position to call a technical expert (Tr. 918). This Counsel insisted that he was not ready to proceed even though he had some witnesses in the hearing room on August 11, but that he would be ready to proceed with the presentation of the testimony on August 13. The Commission announced that the proceeding would continue on the following day, August 12, and this attorney, on that day, called eleven witnesses who testified in the proceedings.

Three of the four subpoenas this intervenor asked the Commission to issue were for government employees, only one of whom the attorney had talked to. The other subpoena was for a person not employed in the government service, with whom the attorney had not discussed the issues in the case. The Commission announced that it would not be necessary to issue subpoenas for the government employees, but that the Commission would ask them to appear as witnesses in the case, which they did on the following day. The Commission refused to issue the subpoena for the one witness with whom the attorney had not discussed the issues.

The various factors necessary to a determination of the issues in this case are discussed hereinafter under appropriate captions.

RATE BASE.

In two rate proceedings held during recent years, the Commission has made detailed findings as to the rate base to be allowed the Company. These findings were the result of careful and exhaustive studies of the property accounts of Capital Transit Company, and were based upon voluminous testimony made a part of the records during public hearings on the rate structure of the Company (see Commission Orders Nos. 2935 and 3199).

The former decisions of the Commission as to the proper rate base were founded upon the original cost of the property less accrued depreciation.

Present fair value of the land included in the rate base was not allowed, nor was a return allowed or provided for on any element of excess over original cost.

2108 In the present proceeding, the Company has again introduced testimony as to the present fair value of land used and useful in transit operations. It also repeated its claim made on previous occasions that the amount of $5,250,000, which is presently recorded on the books of the Company as road and equipment unclassified, representing the remaining balance of the excess of the purchase price paid by the Rock Creek Railway Company for the properties of the Washington and Georgetown Railroad Company on September 21, 1895, over the original cost of the physical properties acquired at that purchase, is an asset of continuing value which should be carried in an account similar to the acquisition adjustment account No. 100.5 of the Federal Power Commission System of Accounts, and should be included in the rate base.

In support of this contention, the Company's witness cited the fact that the purchase of the Washington and Georgetown Railroad Company by the Rock Creek Railway Company was responsible, in major part, for the extensive development of the residential area along Connecticut Avenue between Calvert Street Bridge and Chevy Chase Lake in Maryland, and that this was of substantial benefit to the public.

The Company also contended that certain parcels of land purchased for use for specific purposes within the very near future, at a cost of $172,117, should be included in the rate base even though such property is not presently used in the operations of the Company.

In addition, the Company presented testimony (Exhibit No. 16) with respect to 14 pieces of land owned by it at the time of the appraisal of such land made in 1944 and included in the appraisal at a value of $486,305, which had subsequently been sold for the aggregate amount of $715,058, or for 47% more than the figure at which these identical pieces of land had been appraised by real estate experts and testified to before this Commission in its rate proceeding in 1945. The Commission did not adopt the said valuations on land owned by the Company for rate-making purposes. However, due to the above-mentioned experience in the sale of certain parcels of land, the Company witness further testified as to the present fair value of the land holdings of the Company (Exhibit No. 17), arriving at such fair value in the following manner:

The value of land used in transit operations encompassed in the valuation report of the three real estate appraisers made in 1944 was adjusted first to exclude the appraised value of land sold between the date of the appraisal and May 31, 1948. The remainder of the appraised value (exclusive of the value of right-of-way) was then increased by 40% by the Company witness in order, in his opinion, to reflect its present day value.

Giving effect to the foregoing contentions of the Company, its witness Heberle summarized a rate base as at May 31, 1948 (Exhibit No. 25) with land at present value and including assets of continuing value, which is set forth below:

2109

Road and Equipment including land, used and useful to operations, stated at historical cost to the owner first devoting the properties to public use	$48,916,680
DEDUCT: Land at historical cost	1,392,710
Road and Equipment Classified, exclusive of land, used and useful to operations, stated at historical cost	$47,523,970
Road and Equipment Unclassified, per books, constituting assets of continuing value	5,250,000
	$52,773,970
DEDUCT: Accrued Depreciation per books	20,400,372
Road and Equipment, exclusive of land, used and useful to operations, stated at historical cost less depreciation per books	$32,373,598
Land, stated at present value	4,048,872
	$36,422,470

Allowances for Working Capital on basis allowed by Public Utilities Commission in Formal Case No. 363:

Materials and Supplies	$1,261,427	
Cash Working Capital	None	1,261,427
Total Rate Base at May 31, 1948		$37,683,897

The rate base for the year ending May 31, 1948, as testified to by the Commission witness, is detailed below (Exhibit No. 43):

Road and Equipment in Service, beginning of period	$47,186,410.44
Construction Work in Progress, beginning of period	811,524.39
Total	$47,997,934.83
Net Additions for Period, Weighted	544,680.86
Total Property Investment, Weighted	$48,542,615.69
Reserve for Depreciation, Weighted	20,334,844.95
Net Property Investment, Weighted	$28,207,770.74
Materials and Supplies, Average Balance	1,154,947.05
Rate Base	$29,362,717.79

2110 It will be noted that the foregoing calculation of the rate base does not include the amount of $5,250,000 which the Company contends should be included therein. A rather complete recital of the facts surrounding

this item was set forth by the Commission in its Order No. 3199. This amount, as an integral part of a considerably larger figure, has for many years been considered by the Commission as an intangible which has no legitimate place in the rate base, and has been excluded from all calculations pertaining to fair return to be allowed the Company.

In view of the renewal by the Company of its contentions respecting the inclusion of $5,250,000 in the rate base, the Commission witness testified at length as to the past history of this item, which testimony is summarized below.

At the time of the merger of the former Capital Traction Company and the Washington Railway and Electric Company into the Capital Transit Company, the latter company recorded on its books in the Road and Equipment account the sum of the balances in the Road and Equipment accounts of its two predecessor companies. The amount thus recorded was approximately $22,000,000 in excess of the original cost of road and equipment of the predecessor companies. Of this excess amount, $8,000,000 was disposed of by order of this Commission in 1942, and a further reduction of $1,092,693 was made in 1943.

On April 27, 1945, the Commission issued its Order No. 2913, which, among other things, directed the Company to record in a temporary account entitled "Road and Equipment Unclassified" the amount of $13,136,889.39. The determination of this amount was premised upon evidence presented in Formal Case No. 336, as well as a consideration of the record in prior proceedings dealing with this matter. Upon completion of the reclassification of the Road and Equipment accounts in accordance with the reclassification prescribed by Commission Order No. 3087, dated September 23, 1946, the Company submitted various proposed entries which reduced the account Road and Equipment Unclassified by $7,889,032.02, leaving a balance in this account of $5,250,000, which balance is under consideration at this time.

While from the foregoing it would seem that the item of $5,250,000 is the remainder of an aggregate amount of some $22,000,000, it appears that it is traceable to the transaction involving the purchase of the Washington and Georgetown Railroad Company by the Rock Creek Railway Company on September 21, 1895. It further appears that there is no evidence to indicate that this transaction was not at arm's length.

A review of the transactions culminating in the purchase of the Washington and Georgetown Railroad Company,

which was outlined in the record, led the Commission
2111 witness to conclude that, in his opinion, the difference between the purchase price and the cost of the property of the Washington and Georgetown Railroad Company represented the purchase of earning power or good will—in other words, an intangible asset.

The Commission witness expressed the further view that, granting the correctness of recording the intangibles at $5,250,000, or at some greater amount in the first instance, still intangible assets, like physical property, do not retain their income-producing value forever; and that, therefore, proper accounting requires the amortization of intangible assets as well as depreciation of physical assets.

He also expressed the view that this intangible asset would not have any income-producing power today.

From the foregoing discussion, it is evident that the difference in the rate bases presented by the Company's witness and the Commission's witness is due to three principal reasons: namely, the weighing of net additions during the year under consideration by the Commission's witness and not by the Company's witness, the use of the fair value of land by the Company's witness and the use of original cost of land by the Commission's witness and the inclusion by the Company's witness and the exclusion by the Commission's witness of the item of road and equipment unclassified in the amount of $5,250,000.

As to the first point of difference, it is the opinion of the Commission that the weighting of net changes in the rate base during the year under consideration is necessary in order to determine as accurately as possible the return earned during such period. The weighting process simply gives effect to the period of time during which dollars were actually invested in property used and useful in rendering service to the public. Failure to give effect to the time element, as was done by the Company's witness in using a rate base at the end of the period under review, permits a full year's return on investments in property made throughout the year. The use of such a base obviously understates the rate of return earned.

On the question of including land in the rate base at its present value rather than at its original cost, it is the opinion of the Commission that this treatment also results in an understatement of the rate of return earned on the capital actually invested in facilities used in furnishing service to the public. For several years this Commission

has employed the cost of capital method in arriving at a fair rate return. Briefly, this method requires a determination of the actual cost of the debt capital and preferred stock capital, if any, and a reasonable return on the equity capital invested in the enterprise. This latter factor is premised in substantial part upon the investor appraisal of equity capital as measured by the market price of such capital in relation to earnings and dividends
2112 thereon. The employment of this principle in determining the fair rate of return, which the Commission believes is equitable to both investors in and patrons of the utility, necessitates the application of the rate of return so determined to the capital actually invested. To apply such a rate of return to the present value of land or any other asset used in furnishing service would result in allowing the Company to earn a return far in excess of that determined to be fair and reasonable under the cost of capital method. To illustrate, the original cost of land has heretofore been shown at $1,392,710 and its present value is estimated at $4,048,872. If a fair rate of return is determined to be 10%, for easy computation, the Company would be entitled to a return of $139,271. To apply this same rate of return to the present value would give a return of $404,887 which, in relation to the capital invested in land, would actually provide a rate of return of 29.07%. The inclusion of land in the rate base at its present value only complicates the admittedly difficult problem facing the Commission and tends to obscure or overshadow other meritorious factors. The Commission will not consider the present value of land as a proper element in a rate base in conjunction with a fair rate of return determined on a cost of capital method, as to do so would undoubtedly work a gross inequity upon the Company's patrons in arriving at fair and reasonable rates.

As to the Company's claim for including in the rate base Road and Equipment Unclassified in the amount of $5,250,000, the Commission sees no reason to change the opinions expressed on this item in prior cases involving a determination of a rate base. There is nothing in the record to show that this 1895 expenditure is of any benefit to present day users of the Company's service. Granting that this transaction was of benefit to the public at the time it was consummated, it does not follow that such benefit would obtain forever. In other words, the cost of this benefit should have been borne by those directly benefited at the time and not by the present users of the service. It can-

not now be determined whether or not the rates charged for service during a reasonable period following the purchase were sufficient to provide for the recovery of this investment nor does the Commission believe that it is now necessary to do so. If this investment has not been recovered by this time, it must be considered as a loss from one of the inherent investor risks which are compensated for in the return allowed on equity capital.

There is one other difference, somewhat minor in amount, between the rate base introduced by the Company's witness and that introduced by the Commission's witness. The former included, at present day value, three tracts of land purchased by the Company at a cost of $172,117. The Commission's witness did not include this cost in his rate base which is carried on the Company's books as miscellaneous physical property. The record shows that one of the three tracts in question is located at Rhode Island Avenue and Newton Street, Northeast, and is now used for terminal purposes. The cost of this tract is $11,635, and the Commission finds that this amount
2113 is properly includable in the rate base.[1] As to the other two tracts of land, one of which is located at 9th Street and Brentwood Road, Northeast, and the other at Littonsville, Maryland, both were acquired as sites for future use, the Brentwood tract for a proposed car and bus shop, and the Littonsville tract for a bus garage. Company witness Bennett expressed the view that at least the cost of these two tracts should be included in the rate base for the reason that it represents good business judgment and proper concern for the welfare of the Company and its patrons. The Commission recognizes that there is some merit in this viewpoint, but it represents a substantial departure from traditional rate-making philosophy, and, by reason of the relatively small amount involved in this proceeding and the possibility of encountering more substantial amounts in this category in future cases, the Commission will defer making a definite decision on this point at this time. The cost of the two tracts in question will not be included in the rate base in this proceeding.

In view of the foregoing, the Commission finds and concludes that for rate-making purposes the fair value of the

[1] The inclusion of this item in the rate base will not materially affect the calculations of rate of return contained in the record. Such calculations will be referred to hereinafter without adjustment for this slight increase in the rate base.

property of the Company used and useful in rendering service, including material and supplies, in other words, the rate base, during the year ended May 31, 1948, is $29,374,353. This rate base will be used only to measure the rate of return earned by the Company from its operations during the year ended May 31, 1948. For the purpose of measuring the Company's return in the immediate future, it is necessary to estimate a rate base for an ensuing year. This was done by the Commission's witness. He employed the same methods and principles in arriving at a projected rate base that he used in arriving at the rate base heretofore referred to for the year ended May 31, 1948. He arrived at an estimated rate base of $29,795,794. This figure included estimated net additions to both the property account and the depreciation reserve on a weighted basis. It does not include the cost of the tract of land at Rhode Island Avenue and Newton Street, Northeast. The inclusion of the cost of this piece of land in the projected rate base would increase it to $29,807,429, which the Commission finds and concludes should be the rate base used for measuring the rate of return to be earned for an ensuing year.

INCOME.

In its Order No. 3199, dated May 8, 1947, the Commission discussed at length the past earnings history of the
2114 Company, particularly for the years 1936 to 1946, inclusive.

After full consideration of such history, and upon specific study of the results of operations for the year 1946 (during the last six months of which the adverse effects of increased rates of pay, expense of operating additional miles of service, and a decline in passenger revenues were experienced), the Commission reluctantly permitted the Company to increase its fares, commencing May 11, 1947. At that time, the Commission expressed the fear that even such increases might not provide the necessary financial stability unless the trend of constantly rising operating expenses, due principally to wage increases and higher material costs, could be arrested. The testimony of record pertaining to the results of operations during the last year, with estimates as to results to be attained in the immediate future, is discussed hereinafter.

As its Exhibit No. 1, the Company presented condensed income statements for the years ended April 30, 1947 and May 31, 1948, with its forecast for the year ending June 30, 1949, assuming no change in the present rates of fare. This exhibit is reproduced below:

		Actual Operations		Forecast
		Year Ended 4-30-1947	*Year Ended 5-31-1948*	*Year Ending 6-30-1949*
1	Passenger revenues	$26,020,846	$26,897,832	$25,485,000
2	Other operating revenue	492,714	545,558	520,000
3	Operating Revenues	$26,513,560	$27,443,390	$26,005,000
4	Operating expenses	$21,083,402	$22,428,119	$22,331,157
5	Depreciation	2,495,017	2,253,026	2,819,600
6	Taxes other than income taxes	1,245,194	1,368,267	1,355,669
7	Income taxes	982,484	861,164	333,900
8	Operating Expenses, Depreciation and Taxes	$25,806,097	$26,910,576	$26,340,326
9	Operating Income	$ 707,463	$ 532,814	$ —335,326
10	Non-operating income	207,701	167,104	162,100
11	Gross Income	$ 915,164	$ 699,918	$ —173,226
12	Interest deductions	603,751	445,112	418,400
13	Net Income	$ 311,413	$ 254,806	$ —591,626
14	Car miles	25,040,392	23,048,239	21,656,000
15	Bus miles	24,260,052	23,267,506	22,053,000
16	Total Vehicle Miles	49,300,444	46,315,745	43,709,000

The year ended April 30, 1947 is the last full year immediately preceding the rate increase which was made effective May 11, 1947. From column 1 of the foregoing statement, it will be noted that operating income for this year, as reported by the Company, was $707,463, and net income amounted to $311,413.

2115 The results of operation for the year ended May 31, 1948, shown in the second column of the foregoing statement, reflect the first year's operation under the increased fares which went into effect on May 11, 1947. The Company's testimony indicates that during these twelve months, passenger revenue increased by about $877,000. However, the wage increase which was granted by an arbitration board on October 30, 1947, retroactive in large part to July 1, 1947 (amounting to 15¢ per hour with fringe payments equal to 5¢ per hour additional) imposed additional costs of from $2,200,000 to $2,600,000 a year, depending upon how soon the Company could accomplish changes which would eliminate certain overtime payments.

In its Order No. 3199, the Commission had enjoined upon the Company the necessity of effecting operating economies wherever possible, without detracting from the quality of service furnished to its patrons. The record indicates that the Company conducted intensive studies to accomplish such economies, and, as a result thereof, new schedules were prepared which substantially reduced the number of vehicle miles being operated, with a concurrent reduction in costs of rendering service.

Despite the savings effected in costs of operation through a reduction in service, the operating income of the Company for the twelve months ended May 31, 1948 was reduced to $532,814, and its net income fell to $254,806.

The Company also inserted in the record its forecast of the result of operations for the year ending June 30, 1949, if no change is made in the existing rates of fare. This forecast assumes a continuation of the traffic decline of about 6%. The details of the forecast furnished by the Company are as follows:

Assumptions

1. No change in fares.
2. 6% decline in traffic.

	Number	*Revenue*
Cash fares	142,188,774	$ 14,218,877
Weekly passes	6,239,744	9,359,616
Other D. of C.		462,000
Maryland		1,445,000
		$ 25,485,493

Computations

Present weekly passes	6,638,026
6% decline	398,282
Adjusted weekly passes	6,239,744
Present 10¢ fares	151,264,653
6% decline	9,075,879
Adjusted fares	142,188,774

2116 In the above statement, the figure of $462,000 represents the amount of miscellaneous District of Columbia fares actually received during the twelve months ended June 30, 1948. The item of $1,445,000 represents the actual revenues received in Maryland during the year ended June 30, 1948, increased by $179,081, as an estimated

adjustment for the Maryland fare increase which became effective June 6, 1948.

It has already been noted that the estimated operating expenses employed for the purposes of the Company forecast for the twelve months ending June 30, 1949 amount to $22,331,157. The record shows that this amount was arrived at as follows:

21,656,000 street car miles of operation at 54.5¢ per mile (exclusive of wage increase effective July 1, 1948)	$11,802,520
22,053,000 bus miles of operation at 43.2¢ per mile (exclusive of wage increase effective July 1, 1948)	9,526,896
Effect of wage increase:	
11,008,143 estimated pay hours for all classes employees at average of 9.1¢ per hour	1,001,741
Total	$22,331,157

In justification of the use of the costs per mile of car and bus operation cited above, the Company testimony indicates that for the first six months of 1948, rail operating expenses averaged 54.37¢ per mile, and bus operating expenses averaged 43.03¢ per mile during the same period. Further, only 9.1¢ per hour was applied to the total payroll hours instead of the full increase of 10¢ per hour, because of the fact that the increase of 10¢ does not apply to all employees.

The Commission witness also submitted testimony with respect to the income of the Company during the period ended May 31, 1948. After making accounting adjustments which were explained in the record, principally one of $105,080, applicable to different types of taxes, he arrived at an operating income of $657,902, as compared with the amount of $532,814 testified to by the Company witness. The record reflects the fact (see Exhibit No. 43) that the adjusted operating income of $657,902 resulted in a return of 2.24% on the rate base for the year ended May 31, 1948.

On the basis of the foregoing, the Commission finds and concludes that the return currently being earned by the Company is inadequate; that a continuation of earnings at their present level would be prejudicial to the credit standing of the Company; and that an increase in fares is warranted.

2117 In connection with this finding it is pertinent to note that the actual operating revenues reported by

ne Company for the year ended May 31, 1948, as well as its orecast for the year ending June 30, 1949, are based upon ne lawful rates established by this Commission for transortation from one point to another within the District. he forecast of the operating revenues made by the Comission's witness under the various proposed fare strucures are also based upon the full amount of the fare preeribed by this Commission.

Under an order of the Interstate Commerce Commission, ne Company was required to establish and maintain fares or joint services with certain interstate transportation ompanies for those persons who use the vehicles of the Company and those of the interstate companies, going to r from certain points in Arlington County, Virginia. The nterstate Commerce Commission fixed the Company's ivision of the former joint rate of 13½¢ at 5.83¢ per trip etroactive to June 29, 1947, and 7¢ of the new rate of 16¢ stablished by order dated July 7, 1948.

Prior to April 1, 1947, the Company operated busses into Arlington County, Virginia, on a temporary basis. Since hat date it has not operated into Virginia. The service equired to be rendered dunder the joint rate is wholly vithin the District of Columbia. The Company has no ommon terminal with the interstate companies nor any rrangement for through service over their lines. The perating revenues reported and forecast in this proceedng are reported and estimated on a passenger basis. The ates prescribed by this Commission are for a single trip vithout regard to the distance traveled. There is no record f revenues or operating expenses on a passenger-mile asis. The services required of the Company under orders f this Commission and the facilities used by it are no diferent for a passenger traveling from point to point within he District than the services required and the facilities sed by passengers whose trips may be interstate.

If the division of the joint rate established by the Interstate Commerce Commission is held valid, the revenues reported in exhibits in this proceeding for the period from June 22, 1947, to August 2, 1948, when the 7¢ division was nade effective, are overstated by $83,297. Likewise, the forecasts for the year ending June 30, 1949 will be affected by any diminution in the established District fare. To the extent that the Company has suffered or will suffer any loss from rates prescribed by this Commission for wholly intra-District transportation, higher rates would have to be charged and collected from other passengers using the

facilities of the Company in the District of Columbia who do not use the joint rate to the designated points in Arlington County, Virginia. Such additional charges would result in a discriminatory rate against intra-District passengers using the facilities of the Company going to the designated points in Arlington County, Virginia.

2118 ESTIMATED RESULTS OF OPERATIONS UNDER VARIOUS PROPOSED FARE STRUCTURES.

A. *15¢ Cash; 2 Tokens for 25¢; $1.85 Weekly Pass.*

In its Exhibit No. 9, the Company submitted its estimate of the results of operation for the year ending June 30, 1949, with the rates of fare requested. This exhibit is reproduced below:

Passenger revenues	$29,188,664
Other operating revenues	520,000
Operating Revenues	$29,708,664
Operating expenses	$22,331,157
Depreciation	2,319,600
Taxes excluding income taxes	1,428,333
Income taxes	1,828,604
Operating Expenses, Depreciation and Taxes	$27,907,694
Operating Income	$ 1,800,970
Non-operating income	162,100
Gross Income	$ 1,963,070
Interest deductions	418,400
Net Income	$ 1,544,670
Car Miles	21,656,000
Bus Miles	22,053,000
Total Vehicle Miles	43,709,000

In explanation of its estimate of $29,188,664 as the passenger revenues to be received during the twelve months ending June 30, 1949, if the requested rates of fare had been in effect during such period, the Company submitted its Exhibit No. 10, which sets forth the assumptions made and the corresponding computations in the following manner:

2119

Estimate Year Ended 6-30-49
With Requested Rates of Fare

Assumed Changes

1. Fares increased to 15¢, 2 for 25¢, $1.85 pass.
2. 6% normal decline in traffic.
3. 20% pass purchasers change to regular fares at 12 rides per week.
4. 10% loss in present 10¢ cash fares.
5. 5% pay cash and 95% tokens.

	Number	*Revenue*
Cash fares	7,147,264	$ 1,072,090
Token fares	135,798,021	16,974,753
Weekly passes	4,991,795	9,234,821
Other D. of C.		462,000
Maryland		1,445,000
Total		$29,188,664
Change from Present		$+2,198,173

Computations

Weekly passes sold	6,239,744
20% change to regular fares	—1,247,949
Adjusted weekly pass sales	4,991,795
10¢ fares	142,188,774
Loss 10%	—14,218,877
1,247,949 passes x 12	+14,975,388
Adjusted regular fares	142,945,285
5% — 15¢ fares	7,147,264
95% — 12½¢ fares	135,798,021

From the foregoing, it will be noted that the Company forecast includes an estimated normal decline in traffic of 6%. The company estimates that 20% of the present pass purchasers will change to regular fares if the price of the pass is raised from $1.50 to $1.85, and that such passengers who so change will pay twelve regular fares per week.

The Company further estimates that there will be a 10% loss in the present cash fares if the fare is raised to the new rates requested; and that of those who will continue to pay regular fares, 5% will pay the 15¢ cash fare and 95% will buy the tokens at two for 25¢.

2120 Giving effect to the foregoing estimates, the Company forecasts that there would be 7,147,264 cash fares which at 15¢ each would produce $1,072,090; that there would be 135,798,021 token fares at 12½¢ which

would produce revenues of $16,974,753; and that 4,991,795 weekly passes would be sold which at $1.85 each would produce $9,234,821.

Other District of Columbia revenues were estimated at $462,000, which amount is approximately that received from such revenues during the year ended June 30, 1948. For Maryland revenues, the Company estimates $1,445,000, which includes the recent fare increase in Maryland.

The total increase in revenues which the Company estimates would flow from the increased fares requested amounts to $2,198,173.

The Commission witness, using the same fare structure, estimated that the revenue for the twelve months ending June 30. 1949 would amount to $30,494,535. Some of the assumptions used by this witness differed from those employed by the Company; for example, while the Company witness estimated that there would be a 6% normal decline in both pass sales and cash fare passengers, the Commission witness estimated that there would be a 15% decline in pass sales, but that any decline in cash fares would be offset by the shift of former pass users to the cash fare basis. The Company witnesses' estimate of a 6% normal decline in both types of passengers was based upon the decline in recent months in total gross operating revenue. On the other hand, the 15% normal decline in pass sales only, estimated by the Commission witness, was based upon the experienced decline in pass sales during the months of June and July of 1948, as compared with like months in 1947. Further, the estimate of the Commission witness that there would be no actual decline in cash fares was based upon a similar comparison.

Both witnesses estimated a 20% decline in pass sales due to the proposed increase in the price of the pass.

After reviewing the Company's forecast of expenses for the year ending June 30, 1949, and expressing the opinion that it was conservative, the Commission's witness estimated that the fare structure requested by the Company would, if adopted, provide a return of 8.58% on an estimated rate base for the same period. (This rate base is, with the exception of $11,635, the same as that herein approved by the Commission.)

B. *12¢ Cash; 5 Tokens for 55¢; $1.65 Weekly Pass.*

Both the Company witness and the Commission witness also estimated the results of the fare structure proposed by the Federation of Citizens' Associations and the North

Washington Council of Citizens' Associations, namely, a 12¢ cash fare, 5 tokens for 55¢, and a $1.65 weekly pass.

2121 The assumptions, computations and resulting revenues, as testified to by the Company witness, are as follows:

Assumed Changes

1. Fares increased to 12¢, 5 tokens for 55¢, $1.65 pass.
2. 6% normal decline in traffic.
3. 10% pass purchasers change to regular fares at 12 rides per week.
4. 7½% loss in present 10¢ cash fares.
5. 50% pay cash and 50% tokens.

	Number	*Revenue*
Cash fares	69,506,157	$ 8,340,739
Token fares	69,506,157	7,645,677
Weekly passes	5,615,770	9,266,021
Other D. of C.		462,000
Maryland		1,445,000
		$27,159,437
Change from present		$ +168,946

Computations

Weekly passes sold	6,638,026
10% change to regular fares	—663,803
	5,974,223
6% traffic loss	—358,453
Adjusted weekly pass sales	5,615,770
10¢ fares	151,264,653
Loss 7½%	—11,344,849
663,803 WP x 12	+7,965,636
Adjusted total	147,885,440
6% traffic loss	—8,873,126
	139,012,314
50% cash	69,506,157
50% token	69,506,157

The Commission witness, on the basis of different assumptions, estimated that these fares would produce gross revenue of $28,152,454, and would result in a rate of return of 4.04%.

C. *13¢ Cash; 3 Tokens for 35¢; $1.75 Weekly Pass.*

The witness for the Commission proposed a substitute rate structure consisting of a 13¢ cash fare, 3 tokens for

35¢, and a $1.75 weekly pass (Exhibit 47). The assumptions and computations made by him, and the estimated revenue which would result therefrom, are shown as follows:

2122

	Actual 12 months ended 6-30-48		*Estimate* 12 months ended 6-30-49	
	Passengers	*Revenue*	*Passengers*	*Revenue*
Cash Fares	151,264,653	$15,126,465.00	40,073,091	$ 5,209,502.00
Token Fares			120,219,274	14,025,582.00
Weekly Passes ..	171,747,988		126,131,723	
Number	(6,638,026)	9,957,039.00	(4,513,858)	7,899,252.00
Other D. C.....		461,987.00		461,987.00
Maryland		1,445,000.00		1,445,000.00
		$26,990,491.00		$29,041,323.00

Assumptions:

(A) 15% normal decline in number of passes sold.

(B) Normal decline in passes will result in shift to cash and token fares sufficient to offset normal decline.

(C) 20% decline in passes sold as a result of fare change.

(D) Decline in passes sold will result in increase in token and cash fares equivalent to 8 rides per pass.

(E) Increase in price of pass will result in an 8% increase in revenue rides per pass.

(F) Cash and token fares prorated on basis of 25% and 75%.

Computations:

	Passengers	*Number*
Weekly pass	171,747,988	6,638,026
15% normal	-25,762,198	-995,704
	145,985,790	5,642,322
20% decline as result of fare change	-29,197,158	-1,128,464
	116,788,632	4,513,858
8% increase in revenue rides per pass	9,343,091	
	126,131,723	
Cash fares	151,264,653	
Shift from pass—1,128,464x8	9,027,712	
	160,292,365	
Cash fares—25%	40,073,091	
Token fares—75%	120,219,274	

He further testified that he used the same assumptions in calculating the estimated revenues that such a fare structure would produce as he did in calculating the estimated revenues that would be produced by the fare structure proposed by the Company, with the exception of the assumption as to the ratio of cash fares to token fares. This ratio he estimated to be 25% cash fares and 75% token fares. He stated that the basis of this assumption
2123 was the fact that that was the experienced result of the Company when tokens were sold in lots of three. The witness further testified that from his computations the rate structure proposed by him would provide a return of 5.76%, without taking into account any savings that would result from a decrease in revenue passengers; and, further, there would be a reduction in revenue passengers of 11.33%.

The Company's witness estimated that this fare structure would produce increased revenues during the year ending June 30, 1949, in the amount of $1,049,633, instead of the $2,050,832 increase estimated by the Commission's witness. This difference results from the use of assumptions substantially the same as those used by the Company's witness in estimating the effect of the fare structure requested by the Company.

Counsel for the Federation of Citizens' Associations stated the Federation adopted as its recommendation the schedule of rates proposed by the Commission's witness.

D. *Various Proposals.*

The Commission witness also testified that he made a further computation based on a 13¢ cash fare, 3 tokens for 35¢, and a $1.85 weekly pass; that the amount of revenue on such a fare structure, using the same assumptions that he used in his proposed rate structure, would produce revenue of $29,241,624, or approximately $200,000 more revenue; and that such a rate structure would result in a rate of return slightly in excess of 5.76%.

A further computation was made by the Commission witness on a fare structure of 13¢ cash fare, 4 tokens for 45¢, and a $1.85 weekly pass. Using the same assumptions, he testified that such a fare structure would produce revenue of $28,733,657, which is slightly less than the estimated revenue that would be received under his proposed fare structure.

The witness also testified that he made an estimate of revenue based on a single cash fare with the elimination of

the weekly pass. In making these calculations, the assumptions used by him were:

a. A 7% normal decline in percent cash fares;
b. A 5% normal decline in present pass customers; and
c. That 95% of present pass customers will shift to cash fare customers at 15 rides per week.

Based on these assumptions, he estimated that a 10¢ cash fare would produce revenues in the amount of $25,433,787, which would represent an operating loss of $367,260; that an 11¢ cash fare would produce revenues of $27,786,467 for a return of 3.33% without giving any effect to the reduction in service that would undoubtedly
2124 accompany a decline in passengers. The decline in passengers on the basis of this estimate is about 36.09%, which would undoubtedly curtail service which would tend to increase the net return. A 12¢ cash fare would produce revenues of $30,139,147, or a return of 7.89%. The rate of return calculated for the three cash fare structures is based on an estimated rate base as of June 30, 1949.

As indicated above, the Commission has given consideration to the wisdom of abolishing the weekly pass. The Company, however, urged that the pass be retained and submitted the following arguments in favor of its retention:

> By purchasing the weekly pass the holder thereof has the privilege of unlimited riding during the calendar week for which the pass is purchased without further fare payment. This enables the purchaser of the weekly pass to limit his transportation cost for the week to $1.85, and the transferable feature makes the transportation system available to others of his family at times when the purchaser has no need for the service. The Company urges its customers to use this type of fare.
>
> The weekly pass is of particular aid to that large segment of riders who do not have automobiles and use the Company's facilities for journeys to and from work, to go to the movies, visit friends and make other trips. For many others it can usefully substitute for automobile use, and thus avoid parking difficulties as well as furnish less costly transportation.
>
> The Company is not seeking to discourage the use of the weekly pass, which it considers under its present

or an extended volume of use to be of benefit not only to its customers but to the Company. It is of benefit to its customers because it provides them with an attractive form of reduced cost transportation. It is of benefit to the Company because it provides a fixed and dependable amount of revenue with which to meet the costs of service.

The weekly pass offers a lower rate for any of the customers who can make advantageous use of the service as little as 15 times in the course of the week.

Added to the foregoing arguments, data relative to the use of weekly passes (Exhibit No. 6) indicate that considerably more than 500,000 weekly passes are currently being sold every month.

In view of the wide acceptance of this feature of the fare structure, the Commission has decided that the weekly pass should not be eliminated.

2125 The foregoing discussion and presentation of estimates based upon different assumptions as to possible fare structures, indicates the complexity of the problem to be solved. After analyzing the various proposals submitted, their estimated effect upon return to the Company, and the assumptions used in arriving at such effect, the Commission is of the opinion that the fare structure proposed by its own witness, namely, 13¢ cash fare, 3 tokens for 35¢, and $1.75 weekly pass affords the fairest basis for revision at this time. The 15¢ cash fare proposed by the Company, while it would represent a 50% increase over the existing cash fare of 10¢, would not actually provide anything like such an increase in gross revenues. In fact, it was generally conceded on the record that less than 5% of all cash and token riders would pay a 15¢ cash fare. If that be so, there appears to be no reason why the cash fare established should not bear a close relation to the cost of tokens. This objective is accomplished through setting the cash fare at 13¢.

The establishment of a token fare has given the Commission greater difficulty. From an operating standpoint, the Company proposal of two tokens for 25¢ is attractive in that it contemplates the use of a single coin, generally. However, while the cost at this rate would be but a fraction of a cent more per token than the cost at the rate herein approved, it appears possible to save this difference for the benefit of the riders and still provide a favorable return to the Company.

The Commission concludes that an increase from $1.50 to $1.85 for the weekly pass is not warranted, and that the cost of the pass should be $1.75.

As set forth heretofore, such a fare structure, according to testimony in the record, would provide a return of about 5¾%, exclusive of any further benefit that might be derived from more economical operations. In the opinion of the Commission, such a return, under all known and likely conditions, will not seriously impair the Company's credit position, even though it will not give the Company a rate of return which the Commission has heretofore found to be fair.

ALLOCATION.

As hereinabove stated, the Company's system rate base for the year ended May 31, 1948, was found to be $29,374,353. The system rate base represents the property used in District of Columbia operations, as well as in operations outside the District of Columbia. The operations outside the District consist in part of charter service which is allocated neither to operations in the District nor to operations in the State of Maryland.

2126 The Company witness presented testimony as to the allocation of the rate base, accrued depreciation, and estimated operating revenues and operating expenses. His testimony may be summarized as follows:

Of the system rate base of $29,777,735 shown on Company Exhibit No. 24, which represents the original cost of property less accrued depreciation as at May 31, 1948, $28,042,803, or 94.2%, was allocated to operations within the District of Columbia.

In considering the estimated operating revenues for the year ending June 30, 1949, based upon the rates of fare requested by the Company, the witness allocated $28,148,086 of the total of $29,708,664; or 94.7%, to District operations. Further, of the estimated operating expenses of $27,907,694 for the same period, the witness allocated $26,090,621, or 93.5% to operations within the District.

The record also contains testimony by the Commission witness relative to revenue passengers carried within and without the District which indicates that for the twelve months ended May 31, 1948, revenue passengers transported outside the District of Columbia constituted only 7.48% of all revenue passengers carried.

On the basis of the foregoing, the Commission finds and concludes that, since the operations of the Company outside

the District of Columbia constitute such a small proportion of its total operations, it is not necessary to engage in a detailed allocation of property, revenues and expenses in order to make a determination of the fare structure necessary to provide a fair return from its District operations. Such a project would entail much delay and considerable expense; would necessarily be predicated upon many assumptions which would be the subject of controversy, and would not, in the opinion of the Commission, furnish a basis for decision that would be any more reliable than that already contained in the record.

Furthermore, the fare structure determined above is estimated to produce less than a 6% return on a system basis. At this level of return a substantial loss from operations outside the District could be sustained and still not produce a return from District operations in excess of the rate of return heretofore found to be fair.

CONCLUSION.

The Commission has hereinbefore set forth its conclusions with respect to rate base, the necessity for an increase in fares and the fare structure which it believes to be appropriate under the circumstances. In reaching these conclusions, the Commission has given careful consider-
2127 ation to all of the factors which it deems to be of significance.

In this connection, it should be pointed out that, aside from the testimony of three government witnesses, none of the other eight witnesses presented by the intervenor, Washington Committee for Consumer Protection, offered any factual data pertinent to the issues in this proceeding.

The Commission clearly recognizes that the imponderables involved in this case are substantial in number and character. Nevertheless, it believes that the fare structure approved will, in conjunction with further operating economies, materially improve the present inadequate earnings position of the Company. On the other hand, the Commission does not believe, in the light of current wage and salary levels, that this increase in fares imposes an undue burden upon the users of the service.

The Commission is not unmindful of the fact that an increase in transportation costs in the District of Columbia, following a similar increase placed in effect a little over a year ago, will cause a further increase in the spiraling cost of living. It is unfortunate that a second increase is necessary, but the Commission is well aware of the vital neces-

sity of maintaining public transportation facilities in the District of Columbia in such condition that adequate service can be rendered in any future emergency. This cannot be done unless the Company is maintained in a sound financial condition which, in turn, can be accomplished only by fixing rates which will yield an adequate return.

It is pertinent to call attention to the fact that the increase in fares which was placed into effect on May 11, 1947, was, in spite of substantial economies resulting from the rescheduling of service, nullified by mounting costs of operation, due, in large measure, to increases in the wages of operators. A recurrence of this situation is not improbable, and it is incumbent upon the Company to continue to effect operating economies wherever and whenever possible. On this point the Commission believes that a substantial improvement in income can be effected by eliminating the abuses which now exist in the use of transfers. This question should be given serious study by the Company, both from the standpoint of enforcing existing regulations and as to the need for revising such regulations.

While it does not now appear that the rate structure herein approved will provide a rate of return of as much as 6%, the Commission believes that, in order to guard against the possibility of some unforeseen condition or event producing an upward trend in the income of the Company, it is advisable to continue in effect the restrictions imposed on the Company by Section 4 of Order No. 3199. Briefly, this restriction limits the return of the Company to 7½% of a depreciated original cost rate base.

2128 Therefore,

IT IS ORDERED:

Section 1. That Capital Transit Company be, and it is hereby, authorized to charge the following rates of fare for transportation of passengers within the District of Columbia on its street car and bus lines:

Cash fare—13¢
School fare—3¢
Token fare—3 for 35¢
Weekly pass—$1.75

The use of the weekly pass to be governed by regulations now in effect, except that the weekly pass will not be valid on any bus line upon which the regular fare is more than 13¢.

Section 2. That Order No. 3199 be, and it is hereby, vacated, and that all other orders or parts of orders incon-

sistent with this order be, and they are hereby, amended accordingly.

Section 3. That, in the event the net operating income of the Company as a result of the changes in fare herein authorized hereafter produces during any calendar year an amount in excess of a 7½% return on a weighted rate base, depreciated, to be determined in accordance with the methods and principles set forth in the opinion accompanying this order, such excess amount, after approval by the Commission, shall be recorded in a "Special Reserve" to be used, upon approval by the Commission, to offset in whole or in part any future deficiency in earnings, or for such other purposes as the Commission may find to be in the public interest.

Section 4. That this order shall take effect on and after 5:00 a. m. October 31, 1948.

A TRUE COPY:

By the Commission:

E. J. MILLIGAN
Executive Secretary

N. H. HETZEL
Chief Clerk
(Seal)
SEW

2129 In the Supreme Court of the United States

No. 629

(Title Omitted)

(File Endorsement Omitted)

Statement of Points to be Relied upon and Designation of Parts of Record Necessary for Consideration Thereof—Filed March 22, 1949

1. Now come the appellants in the above-entitled cause and for their statement of points upon which they intend to rely in their appeal to this Court, adopt the points contained in their assignment of errors heretofore filed herein.

2. The record in this cause as filed in this Court pursuant to appellants' praecipe as supplemented by counter-praecipe filed by Capital Transit Company, dated Febru-

ary 10, 1949, to the Clerk of the United States District Court for the District of Columbia is necessary for the consideration of the foregoing points and appellants designate said record for printing by the Clerk of this Court.

Dated this 22d day of March, 1949.

PHILIP B. PERLMAN
Philip B. Perlman
Solicitor General

DANIEL W. KNOWLTON
Daniel W. Knowlton
Chief Counsel

EDWARD M. REIDY
Edward M. Reidy
Assistant Chief Counsel
For Interstate Commerce Commission

2130 I hereby certify that a true copy of the attached Statement of Points to be Relied Upon and Designation of Parts of Record Necessary for Consideration Thereof was this day served upon the following counsel by mailing to each of them a true copy of said document:

Messrs. Hewes & Awalt,
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Investment Building,
Washington, D. C.

EDWARD M. REIDY
Edward M. Reidy
Assistant Chief Counsel
For Interstate Commerce Commission
Washington, D. C.

Dated this 22d day of March, 1949.

2131 In the Supreme Court of the United States

No. 630

(Title Omitted)

(File Endorsement Omitted)

Statement of Points to be Relied Upon and Designation of Part of Record Necessary for Consideration Thereof—Filed March 22, 1949

1. Now come the appellants in the above-entitled cause and for their statement of points upon which they intend to rely in their appeal to this Court adopt the points contained in their assignment of errors heretofore filed herein.

2. The record in this cause as filed in this Court by the United States and Interstate Commerce Commission versus Capital Transit Company, *et al.* in Case 629, October Term, 1948 is necessary for the consideration of the foregoing points.

Dated this 22nd day of March, 1949.

S. HARRISON KAHN
S. Harrison Kahn
Counsel for
A. B. & W. Transit Co.
Investment Building

MANUEL J. DAVIS
Manuel J. Davis
Counsel for Washington, Virginia & Maryland Coach Co., Inc.
Barr Building
Washington, D. C.

2132 I hereby certify that a true copy of the attached Statement of Points to be Relied Upon and Designation of Parts of Record Necessary for Consideration Thereof was this day served upon the following counsel by mailing to each of them a true copy of said document:

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Washington, D. C.

S. Harrison Kahn
Counsel for A. B. & W. Transit Co.
Washington, D. C.

Dated this 22nd day of March, 1949.

2133 Supreme Court of the United States

Nos. 629 & 630, October Term, 1948

Order Noting Probable Jurisdiction—April 18, 1949

The statements of jurisdiction in these cases having been submitted and considered by the Court, probable jurisdiction is noted.

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